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NEWS SUMMARY

GENERAL

HK gets voice in talks on its future

Hong Kong is to be given an independent voice in negotiations between Britain and China over its future.

The Governor, Sir Edward Youde, who will soon take part in formal talks with China, is in London for talks.

Hong Kong officials have felt that they were being kept in the dark about developments. Now the territory's executive council is to have the right to contribute towards proposals.

Britain's lease over most of the territory runs out in 1997, but China does not recognise the treaties which made Hong Kong a British colony. Page 14

Arab visit 'back on'

The Arab League delegation visit to Britain, put off because of strained relations over the proposed inclusion of a Palestinian Liberation Organisation member, is now believed to be "on" again. PLO leader Yasser Arafat said in Aden that a Palestinian from the PLO would meet the Queen and Britain's Premier. Page 14

Chirac campaign

The neo-Gaullist RPR, largest French Opposition party, headed by Jacques Chirac, committed itself to a "recovery" programme after Socialist rule. M Chirac, back from a U.S. visit, has launched a campaign for next month's municipal elections and to restate his ambitions for the presidential election in 1988. Page 2

Reforms delayed

Last week's wave of jail reports in France is preventing the carrying out of promised reforms, say officials.

Life jail for 32

Life imprisonment was given to 32 Red Brigades members found guilty of involvement in the kidnapping and murder of former Italian Premier Aldo Moro, and other terrorist actions, including 16 other murders. Five of the 63 tried were found not guilty. Others received sentences between seven months and 30 years. Page 2

Negotiations threat

An Israeli soldier was injured when a bomb exploded near the hotel at Khaldi, Lebanon, where the ninth round of Lebanese-Israeli-U.S. negotiations on Israel's withdrawal from Lebanon began later in the day.

Iraqi Minister goes

Iraqi Foreign Minister Saadoun Hammadi, believed to be ill, has been replaced by Deputy Premier Tariq Aziz.

Hijackers' retrial

Turkey's Supreme Appeals Court overturned a lower court acquittal of three Soviet hijackers of German descent, and ordered a new trial.

Flying telescope

An \$80m flying telescope, a U.S.-British-Dutch project is due to be launched today from Vandenberg Air Base, California, to travel on a near-circular orbit 500 miles above Earth, to search for unknown stars hidden from Earth by dust clouds.

Briefly...

Hungarian wife gave birth to quins in Budapest.

Tanzania ordered a crackdown on bandits at Mwanza on Lake Victoria.

International lines to Lagos were cut by a blaze in the Nigerian telecommunications headquarters.

BUSINESS

Troubled Renault in new peace bid

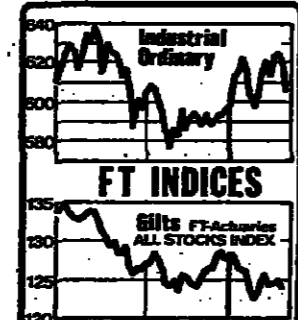
RENAULT, the French state car maker, which has lost production of nearly 25,000 cars as a result of a strike at two major plants outside Paris, has offered to re-negotiate its job classification system in an attempt to break the deadlock.

Page 2. The group is to recall 100,000 R-18 and Fuego models built in late 1980 and 1981 because of a possible brake fault.

STERLING fell 2.55c to \$1.5405, to DM 3.8025 (DM 3.8225) and FF 10.176 (FF 10.1845), was unchanged at SwFr 3.125, and edged up to Y770.75 (from Y770.5). Its Bank of England trade-weighted index dropped from Friday's 82.8 to 81.4. Page 30

DOLLAR rose to DM 2.467 (DM 2.446), FF 6.985 (FF 6.9275), SwFr 2.275 (SwFr 2.194), and Y246.6 (Y236.5). Its trade-weighted index went up from 119.8 to 121.4. Page 30

GOLD fell \$7.5 in London to \$476, by \$7.5 in Frankfurt to \$475.25, and by \$7 in Zurich to \$475.5. Page 25. The FT Gold Mines index fell 3.8 to 801.2 on U.S. sales. Page 23



LONDON: FT Industrial Ordinary index fell 12.7 points to 865.7. Government Securities showed falls averaging more than 1.5 per cent, and the FT Actuaries British Government All-Stocks index fell by 1.67 per cent to 121.88. Page 23

WALL STREET: Dow Jones index closed 22.81 down at 1,004.17. Page 24

TOKYO: Nikkei Dow index dropped 58.37 to 7,833.89, and the Stock Exchange index fell 3.94 to 575.95. Page 24

HONG KONG: Hang Seng index moved up 1.61 to 573.6. Page 24

AUSTRALIAN all-shares index closed 3 points to 537.6. Page 24

FRANKFURT: Commerzbank index was 10.5 off at 723.3. Page 24

EEC Foreign Ministers agreed on a compromise formula designed to persuade the European Parliament to release funds to pay Britain's latest rebate. Page 2

DUTCH unemployment reached a record 14.7 per cent in December at 644,000, almost double the total a year before.

FRANCE's trade surplus on manufactured goods fell from FF 42.5bn in 1981 to FF 19.5bn (\$2.78bn). Page 4

MERRILL LYNCH, the U.S. securities group, had an exceptionally good last quarter in 1982, when its income was \$142m, 150 per cent up on 1981, and taking its year's income to \$308m (52 per cent up). Page 15

THYSSEN, the West German group, plans to detach its loss-making steel division into a separate company to look for merger possibilities. Page 15

ARMCO, the fifth-largest U.S. steel company, had a net 1982 loss of \$345m, \$138m in the last quarter when it spent \$130m on closing some carbon steel operations. Page 15

CARLTON and United Breweries of Australia has paid almost A\$25m (\$24.5m) for 19.7 per cent of J. Gadsden, Australia, a packaging group. Page 16

Oil prices set to drop as Sterling hits all-time low against dollar

BY RICHARD JOHNS IN GENEVA AND RAY DAFTER IN LONDON

OIL PRICES looked set to drop last night as a crucial meeting of the Organisation of Petroleum Exporting Countries (Opec) ended in failure to agree individual production rates.

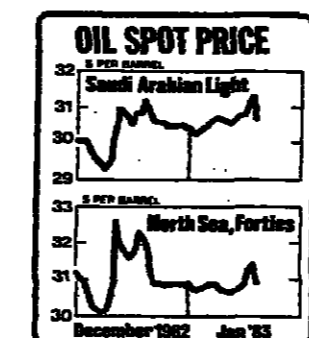
Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, said that North Sea producers were likely to lead a worldwide reduction in prices.

The prediction triggered a sharp drop in spot oil prices as well as a fall in the value of oil company shares on the London Stock Exchange. Sterling also weakened further against the dollar and other currencies.

Opec ministers, meeting in Geneva, agreed in principle to lower their collective output from 18.5m barrels a day - a ceiling fixed only five weeks ago - to 17.5m b/d in attempt to restore a better balance to the glutted world oil market. But they failed to agree on a system of individual production quotas needed to achieve this end.

The agreement failed on the vexed question of adjustments to premiums charged for high quality crudes produced by Algeria, Libya and Nigeria. Saudi Arabia, among others, wanted the premiums increased from \$1.50 a barrel to at least \$3 in order to improve the competitiveness of oil produced by Arab exporters in the Gulf.

Although continuing to pledge himself to defending the \$34 a barrel reference price charged for Arabian Light oil, Sheikh Yamani suggested that British National Oil Corporation (BNOC) could begin a new erosion of prices by lowering



Share prices of companies heavily dependent on North Sea production also fell. BP shares closed at 310p, down 10p on the day and shares of London and Scottish Marine Oil fell 3p to 294p. Shares of newly-listed British Petroleum, also dropped, by 5p to a partly-paid price of 57p.

Traders and oil industry analysts did not feel that there was so immediate prospect of a rapid collapse of oil prices. Some argued that Sheikh Yamani was trying to talk down North Sea prices in a bid to shock other Opec members. Others saw it

Sheikh Yamani drew attention to the increased pressures on Nigeria as a result of lower North Sea prices and also discounting by other members of Opec (in particular Libya though he did not mention it by name), pointing to the implications if the hard-pressed West African producers cracked.

In this connection he confirmed implicitly that the Kingdom had given aid to it but did not reveal how much and in what form beyond saying "I think we did quite a lot."

As a result of the deeper split between the Arab producers of the Gulf and other members, with Nigeria and Indonesia hovering uneasily in the middle, the producers association has in effect reconciled itself to another month or so of muddling through a slack market. There are tentative plans for another meeting some time in March, by when the whole complicated issue of differentials might have been thoroughly considered by all the 13 member states.

Arab producers of the Gulf insist that the differential for their high grade crudes - with their high gravity, low sulphur content and proximity to the markets of West Europe and the U.S. - should be increased from \$1.50 to "at least \$3-\$3.50" per barrel in the words of Sheikh Ali Khalifa al Sabah, Kuwaiti Minister of Oil. He stressed strongly that any production sharing system would have to be supported by cessation of price discounting and proper price differentials, with the

Continued on Page 14

BY JEREMY STONE IN LONDON AND PAUL TAYLOR IN NEW YORK

STERLING suffered a double battering on the foreign exchanges yesterday. It had already slipped to a record low rate against a surging dollar when the markets were rattled by news that Sheikh Yamani, the Saudi Oil Minister, had predicted a sharp fall in the price of North Sea oil.

Within minutes, sterling had dropped by a further cent. At one stage in London, it was quoted at \$1.5325, its lowest ever parity against the dollar. The pound recovered later as profits were taken against the dollar, towards the end of trading, but its close, at \$1.5405, was still the lowest ever recorded.

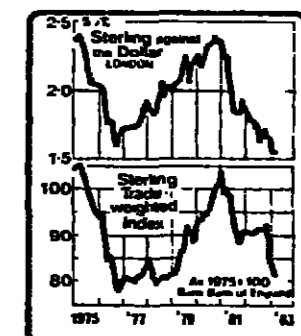
On Wall Street, meanwhile, share prices plunged in early hectic trading on fears of higher interest rates and concern over the possible implications of Opec's failure to reach agreement.

The convergence of a package of bad news sent the Dow Jones industrial average tumbling to around its lowest levels since mid-December, as investors scrambled to get out of the market.

At one point, the Dow index was down about 30 points, with declining stocks outnumbering advances by about 20 to one, in a broad-based sell-off which left the New York Stock Exchange ticker tape trailing by up to 20 minutes late.

By early afternoon the Dow had recovered marginally and was lower by 27.04 at 1,025.94.

In London, sterling had been firm



against continental currencies. But Sheikh Yamani's remarks during the afternoon precipitated some selling against the D-Mark and the French franc. The pound closed 3 pence lower in London at DM 3.8025, having started the day on continental markets at DM 3.85.

Sterling's effective exchange rate (calculated by the Bank of England against a trade-weighted basket of currencies) fell by a full point to close at 81.8 (1975 = 100). This was the first fall since the foreign exchange changes rallied after the London clearing banks raised their base rates as the Prime Minister returned from the Falklands on January 12.

Other financial markets in London reacted nervously. Gilt-edged stocks were marked down by as much as 2 1/2 points.

Continued on Page 14

Nakasone pledges wider global role for Japan

BY JUREK MARTIN IN TOKYO

MR. YASUHIRO NAKASONE, the Japanese Prime Minister, yesterday promised a greater Japanese sensitivity to international concerns and a more vigorous global role reflecting its position as the second largest economic power in the free world.

Addressing the Diet (parliament), in what amounted to a "state of the union" message, Mr Nakasone's theme was that Japan "is today at a major turning point in its post-war history," because of an entirely different and potentially less favourable set of international circumstances.

"It must be understood," he said, "that to err in our response is to orphan Japan in international society. In responding to this time of turmoil, we should review our basic institutions and arrangements anew with a fresh mind, holding nothing taboo."

The specifics that the Prime Minister then outlined have become a familiar part of his political litany both while at home and overseas, as was most evident in his trip to the U.S. last week. They included:

Resisting global protectionism, which would drag Japan into "se-

vere recession" and the world into "inevitable economic decline." Mr Nakasone maintained that opening the Japanese market further to foreign goods was one way Japan could forestall the protectionist onslaught; so was active Japanese involvement in international co-operation on a scale previously not practised.

Recognising that strengthened friendly ties with the U.S. were "the cornerstone" of Japanese foreign policy. To this end, he said "it was necessary to continue actively to promote various measures from comprehensive security considerations as well as firmly maintain the Japan-United States security arrangements and to seek to achieve a high-quality defence capability within the limits of that needed for self-defence."

Accepting that the national constitution needs revision. Mr Nakasone's critics charge that this is camouflage for a revival of Japanese militarism, but in his speech to the Diet, the Prime Minister chose to characterise the need for change in more philosophical terms.

"In the 37 years which have passed... have we not lost the in-

Grundig may drop Telefunken

BY KEVIN DONE IN FRANKFURT

THE PROPOSED takeover of Telefunken, the heavily loss-making AEG-Telefunken consumer electronics subsidiary, by Grundig, the market leader in West Germany, was thrown into confusion last night by reports that Grundig had decided to pull out of the deal.

Negotiations between the companies reach a climax today with a final meeting of senior executives to take place at the Grundig headquarters in Furth/Nuremberg.

Neither AEG nor Grundig would confirm news agency reports that Grundig had decided to withdraw from the takeover for which it signed a letter of intent last July.

The agreement in principle, between AEG and Grundig centred on Grundig taking a 26 per cent equity

stake together with full management control of Telefunken. A further interest of 49 per cent was to be taken over by a West German banking consortium led by Dresdner Bank.

The preliminary agreement was reached days before AEG's financial difficulties forced the parent company to seek court protection from its creditors on the grounds of insolvency. Grundig later confirmed its intention to press ahead regardless with the Telefunken deal in December and the takeover has also been approved by the cartel authorities.

Doubts had already surfaced over the Grundig rescue of Telefunken, however, in the wake of the announcement by Thomson-Brandt,

the French state electronics group, that it was negotiating to take a 75 per cent stake in Grundig.

Grundig itself is facing mounting difficulties in the European consumer electronics market, particularly in the face of fierce Japanese competition in the video recorder sector. Grundig, which is already 24.5 per cent owned by Philips of Holland, has been seeking a so-called "European solution" to its problems.

Dr Max Grundig, the company founder who still controls 75.1 per cent of the group, has sought to foster greater co-operation in the European industry in order to counter the Japanese threat. Thomson's proposed takeover of Grundig has

Continued on Page 14

Atlantic air fares gap widens

BY MICHAEL DONE, AEROSPACE CORRESPONDENT, IN LONDON

FIRST and business class air fares between Western Europe and the U.S. are likely to rise about 5 per cent from April 1 as a result of a meeting of all the scheduled and charter airlines flying the routes.

A substantial majority of the 21 countries attending the meeting in Florida, arranged by the International Air Transport Association (IATA), agreed to the changes. The main exceptions were France and Italy, where agreement has still to be reached. The Scandinavian countries which did not attend were not represented.

The increases, details of which are still being worked out by the

airlines, contrast with the reductions of up to 30 per cent in the already discounted Advanced Purchase Excursion (APEX) return rates which will be introduced on the UK-U.S. routes by British Airways, Pan American and Trans World from April 1.

Cheap UK-U.S. Apex rates already agreed will also become effective on April 1 between other European countries and the U.S.

The rises, which IATA describes as "modest," are planned in the first class and business class fares and will widen still further the gap between the upper and lower end of the market. Cheap-fare cuts, al-

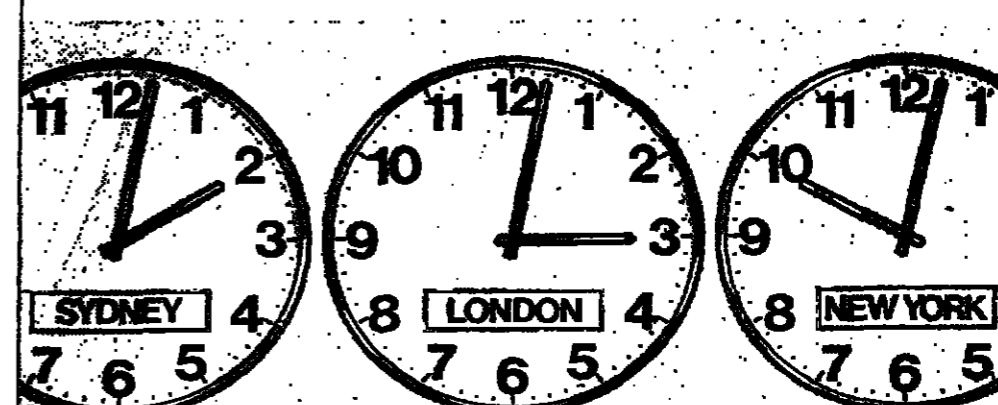
ready approved by the UK Civil Aviation Authority, will bring down the Apex return rate between London and New York from £385 to £280, and that between London and San Francisco and Seattle from £534 to £449.

New rates will last for a year (except in the Benelux countries where they apply to the end of October) unless sufficient airlines feel further adjustments are needed.

Approval for cheaper Apex fares follows a fall in the number of passengers flying between Western Europe and the U.S.

Future riding on 757, Page 10

REX-MONEY MARKETS FOREX-MONEY MARKETS FOREX-MONEY MARKETS



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International markets: reports, prices... Section III

EUROPEAN NEWS

Chirac pledge to sell state holdings

By David Housego in Paris

THE NEO-GAULIST RPR, the largest of the French opposition parties, has committed itself to wholesale denationalisation as part of a "recovery" programme in France for the aftermath of Socialist rule.

The 60-point programme was launched by M Jacques Chirac, the Mayor of Paris and RPR leader, and enthusiastically endorsed by a crowd of close to 100,000 at a special Congress outside Paris on Sunday. It is the first time the RPR has sketched out in any detail what it would do in power.

Fresh from his visit to the U.S., M Chirac sought both to inaugurate his campaign for next month's municipal elections and to restate his ambitions as a Presidential candidate in 1988.

The programme would appear to cut the ground from any possibility of the Gaullists compromising — as at one point seemed possible — with the Socialists in the event of the Communists abandoning the government. Former President Giscard d'Estaing also took the same line at the weekend of uncompromising hostility when he said that there could be no support for "policies harmful" to France but extended a welcoming hand to those disappointed with or deceived by Socialism.

The hardening tone of the opposition has gone hand in hand with the Government's declining popularity and the approach of the municipal elections. But there is little sign as yet that public opinion is ready for the radical reversal of policy that M Chirac is proposing.

M Chirac said that companies to be denationalised would include not only those taken over under the Socialists but those which in previous years had come under state control.

"Privatisation," he declared, would be achieved by a number of means: offering to exchange "compensation" bonds resulting from nationalisation for shares in companies; the selling of state held shares on the financial markets; or the transfer of shares to employees as part of a genuine popular capitalism.

To emphasise the seriousness of its intentions, the special congress decided that within three months of coming to power, a new government would pass decrees providing for denationalisation, the limiting of public sector deficits, lower taxation and more freedom for workers and companies.

Amongst other concrete proposals the congress endorsed a cutback in the number of public sector employees; limits on state borrowing and debt; cutbacks in social security allowances; and a reduction in the proportion of tax and social security payments as a percentage of GNP to 40 per cent from 44-45 per cent now.

Why nothing may succeed like failure for Bonn's SDP

BY JONATHAN CARR IN BONN

NOTHING SUCCEEDS like failure. That could well be the motto for West Germany's Social Democrat Party (SPD) four months after losing government power and six weeks before a general election. The initial depression, which followed the collapse of the coalition with the liberal Free Democrats (FDP), has vanished. In its place is a party which seems to be on a diet of pep pills.

The SPD's congress held last week in Dortmund — in the heart of the "Red Ruhr" — was little short of euphoric. The party's candidate to become Chancellor, Herr Hans-Jochen Vogel, fresh from headline-making visits to Washington, Moscow and Paris, presented a programme for the first 100 days of government as though the election was virtually won.

He promised a personal initiative to help push the super-power talks on intermediate-range missiles towards success. He pledged a programme to fight unemployment, partly financed by a surtax on the better-paid. "Unsocial measures" taken by the present centre-right coalition on rents, student grants and health insurance would be removed. Women wanting jobs would receive a better deal — and German forests threatened by acid rain would be protected.

Little wonder that "the comrades" applauded with gusto. Ironically, if anything cast a damper on this display of Social Democrat delight then it was the speech given by the Socialist President of France, M Francois Mitterrand, in the Bundestag only a day earlier. In the defence and security parts of his address, M Mitterrand took at least as tough a stance as the conservative governments in Washington and London. He warned that a wedge might be driven between Europe and the United States, stressed that the French nuclear deterrent could not form any part of a super-power missile deal in Geneva, and recalled that a balance of terror was less insecure than no balance at all.

For quite a lot of SPD listeners, this sounded uncomfortably like an election campaign speech on behalf of Herr Helmut Kohl, the Christian Democrat (CDU) Chancellor. Herr Kohl's happy smile during the address indicated he was thinking much the same.

It is most unlikely that M Mitterrand (or indeed Britain's Prime Minister, Mrs Margaret Thatcher) will have been encouraged either by the SPD's election campaign programme approved in Dortmund or by Herr Vogel's speech there. The programme says that both French and British nuclear deterrents must be taken into

Herr Hans-Jochen Vogel (right), the West German Social Democrat Party candidate for Chancellor in the March 6 general election, has announced the leadership team from which he would choose his cabinet.

He has been careful to find a balance between the left and centre, and to avoid pinning himself down to exactly which person will have which job.

Key names for the "Foreign, European and Defence Policy" sector include Herr Hans Apel, a former Defence Minister and a party centrist, and Herr Egon

Bahr, a left-winger who was a key negotiator of Bonn's Ostpolitik in the early 1970s.

Other members of the team include Herr Manfred Lahnstein, former Finance Minister, and Herr Heinz Westphal, former Labour Minister. A new name is that of Professor Hans-Joerg Krupp, head of the West Berlin-based German Institute for Economic Research.

It is widely believed that Prof Krupp would become Economics Minister, in the unlikely event that the Social Democrats won an absolute majority in the election.



account in East-West negotiations almost all military balance, although Paris and London feel this has already happened in previous super-power talks on strategic arms limitations. And while urging both Moscow and Washington to show flexibility, it underlines that the U.S. cannot stick to its opening bargaining position of autumn 1981. Herr Vogel took up this point in his speech, by calling on Washington to make a "constructive counter-proposal" now that Mr Yuri Andropov, the Soviet leader, had indicated he was ready for compromise.

One of the oddest things about all this is that the U.S. bargaining position was formed in close consultation with other members of the Western Alliance, not least with the SPD-led Government of Bonn. The idea was to put these tax funds into building programmes this year and next, then pay back the money from 1987 after — it was hoped — the economy improved. The Union parties agreed with the FDP on the scheme last autumn, but in their campaign platform a week ago they announced that they would not repay the money after all. They argue

intermediate-range missiles. Herr Hans Dietrich Genscher, the FDP leader and Foreign Minister, had earlier adopted a similar public position to Herr Strauss and urged an "interim solution" in Geneva — some deployment of Western missiles and some destruction of Soviet ones. But he was — at least temporarily — whisked back into line by Herr Kohl.

The Chancellor felt it would be weakening the Western negotiating stand to suggest that anything less than the best was being aimed at. Now the public position of the Government parties has come apart at the seams.

That would matter less for Herr Kohl if all other elements of the election campaign were going well for him — but they are not. One major blow has come from the decision of the Union parties not, after all, to repay a supplementary tax levied on the better paid. The idea was to put these tax funds into building programmes this year and next, then pay back the money from 1987 after — it was hoped — the economy improved. The Union parties agreed with the FDP on the scheme last autumn, but in their campaign platform a week ago they announced that they would not repay the money after all. They argue

that all sectors of society must make sacrifices and that they had only agreed to repayment under pressure from the FDP.

On the face of it this does not seem as serious an issue as the possible deployment of new nuclear missiles in West Germany. But it could do Herr Kohl a lot of damage all the same. His particular strength has been that of a man known to keep his word, and the CDU is taking advantage of this reputation with its campaign posters proclaiming: "This Chancellor creates confidence." The CDU's abrupt reversal of its position is likely to be felt by many voters to undermine that claim.

That clearly does not mean that the race is already lost for Herr Kohl's coalition. The support which he loses over the tax affair could well flow to the FDP and thus, not vanish for the government alliance as a whole. Latest opinion polls give the CDU-CSU a little less than 50 per cent of the vote, the SPD a little over 40 per cent, the FDP around 4 per cent and the Greens (ecologists and pacifists) about 6 per cent. There is everything still to play for — but at present the government parties seem to be conducting the election campaign as much against themselves as against the buoyant Social Democrats.

Renault bids to end 3-week-old strike

BY OUR PARIS CORRESPONDENT

RENAULT, the French state-owned car manufacturer yesterday announced a new initiative in an attempt to end the three-week long dispute at two major plants outside Paris that has cost it nearly 25,000 cars in lost production.

At the Flins plant, where the Renault 5 and 18 are produced, 10,700 workers remain laid off. At Billancourt, the management is due today to decide whether to lay off 4,000 workers as a result of the strike which began in the paintshop but has spread to other parts of the plant where the Renault 4 is built.

Strike action has also spread to the Citroën plant at Levallois on the outskirts of Paris, to the Peugeot factory at Gennevilliers and the

Chausson subsidiary of Renault at Gennevilliers which manufactures small vans.

The new management offer, presented by M Bernard Hanon, the head of the company, is for a renegotiation of the whole, complex job classification system within the car industry.

The job classification scheme has been at the centre of much of the frustration amongst the assembly line work force. Workers consider it anachronistic and imposing unfair limits on what they can earn. Renault said yesterday that it was ready for the setting up of a joint commission with unions to settle the most urgent problems.

Ten on trial over Solidarity's radio

BY CHRISTOPHER BOBINSKI IN WARSAW

MR ZBIGNIEW ROMASZEWSKI, a member of Poland's Solidarity leadership, and nine other people were before a military court here yesterday charged with organising illegal transmissions of "Solidarity Radio".

Mr Romaszewski, who was arrested last August 31, has claimed credit for organising the radio network which first went on the air last April. It has put out programmes in various towns since then but regular transmissions in Warsaw ceased last summer.

The network is based on small UHF transmitters attached to a tape recorder which were placed at the top of high rise buildings and switched on automatically for transmissions usually lasting about 10 minutes.

In November the police in Warsaw arrested a man now accused of building the transmitters. The party newspaper Trybuna Ludu said yesterday they were constructed from parts 80 per cent of which are obtainable in Poland.

Budget compromise to be put to MEPs

BY JOHN WYLES IN BRUSSELS

EEC FOREIGN ministers yesterday agreed on a compromise formula designed to persuade the European Parliament to release the funds needed to pay Britain's latest rebate from the Community budget.

Mr Francis Pym, the UK Foreign Secretary, however, fought to restrain his colleagues from giving in to all the Parliament's demands.

Paradoxically, his stand could prevent the assembly to reject a supplementary budget which contains the £490m necessary for the British rebate.

Rejection would almost certainly trigger unilateral action

by Britain which has warned that it may withhold some of its EEC budget payments if the money is not in London by the end of the current financial year on March 31.

With Community budget ministers due to meet the Parliament's budget committee here tomorrow, foreign ministers had to decide yesterday how far they would go towards satisfying the Parliament's demand that there should be no more short-term deals to reduce Britain's budget contributions.

Mr Pym was most anxious to prevent his colleagues endorsing a European Commission declaration backing the Parlia-

ment's view that this perennial problem should be solved through a reform of EEC finances and the development of new Community policies.

While fully supporting these objectives, he wanted to add words which made it clear that the Council of Ministers believed that at least one more short-term arrangement for the UK would be needed, even if all the agreements demanded by the Parliament were reached in record time.

The final compromise may well be considered inadequate by the Parliament. On the one hand, the Council adopted a form of words broadly in line with the Commission's declara-

tion. On the other, it recorded in its minutes that these words did not alter member governments' commitment of last October to make at least one more special arrangement reducing Britain's budget payments in at least 1983-84.

Mr Pym said afterwards that he had wanted to make sure that the Parliament was misled into believing that the supplementary budget marked the end of special arrangements for the UK.

Herr Hans Dietrich Genscher, the West German Foreign Minister and current president of the Council, had undertaken to explain this to parliamentary leaders, he added.

Thin times for Irish food industry

BY BRENDAN KEENAN IN DUBLIN

THE DIFFICULTIES facing the Irish food industry were brought sharply into focus yesterday when dealings in the shares of Rank's (Ireland) were suspended on the Dublin Stock Exchange.

The move followed an announcement last week that the company, which is 74 per cent owned by Rank's Holdings, was to stop flour milling in Ireland, and lay off three-quarters of its 450 employees.

The company blames cheaper imports from Britain which yet year rose from practically zero to take 15 per cent of the market.

Its problems, however, are just part of a competitive crisis affecting the Irish food industry, especially soft drinks, processed foods and confectionery. Large British manufacturers, facing reduced demand at home, have found it useful to divert part of their production to the Irish

market at very keen margins. Mr Patrick Jordan, of the Food Shrink and Tobacco Committee of the Confederation of Irish Industry, said yesterday that Ireland suffered from high energy and labour costs and because of the relatively small market could not benefit from economies of scale.

"A survey we've just completed is an alarming loss of competitiveness by the Irish food industry," he said.

The 70,000 tonnes which Rank's produced in its Dublin and Limerick mills represented a third of the Irish market. The question now is whether the company can continue in business with its remaining activities, which include a bakery and a flaked oatmeal plant.

Mr Jordan said Rank's and Oidum's, had 70 per cent of the Irish flour milling business between them and the Rank's closure will bring some relief to the rest of the industry, but

Unemployment at record level in Netherlands

By Walter Ellis in Amsterdam

UNEMPLOYMENT in the Netherlands reached its highest ever level in December, with 14.7 per cent of the workforce registered jobless.

The number out of work at 644,000, is almost double the total of a year ago, and the rate of increase is the fastest in the European Community.

The Organisation for Economic Co-operation and Development recently forecast a rise this year to 17.5 per cent, while estimates in the country itself have looked ahead gloomily to a jobless total close to 1m.

The Dutch Government has confirmed that it is to tighten Dutch corporate tax in respect of the 1982 and 1983 financial years by a total of 11.1bn (£240m).

German car makers recapture home ground

BY KEVIN DONE IN FRANKFURT

THE West German motor industry is battling to avoid a fifth year of recession in the domestic car market following a further fall of 7.5 per cent in new car registrations in 1982.

After a decline of 1.5 per cent in 1979, 7.5 per cent in 1980 and 4 per cent in 1981, new car registrations dropped again last year to 2,135,337 compared with 2,330,335 in 1981, falling to the lowest level since 1975. Registrations peaked at 2,600 in 1978.

Despite the recession in the home market West German car producers managed to increase production in 1982, thanks to strong demand from export markets in the first half of the year.

Final figures have not yet been released but West German car output is understood to have risen by

4-5 per cent last year offsetting a fall of 4-5 per cent in commercial vehicle production.

Despite the overall fall in domestic car sales West German car manufacturers succeeded in winning back lost ground from foreign makes. Imported cars had a market share of only 24.9 per cent of cars compared with 27.2 per cent in 1981.

The share of Japanese cars in the West German market — Japan is the leading importer ahead of France and Italy — shrank slightly to 9.3 per cent compared with 10 per cent a year earlier. The number of Japanese cars sold in the Federal Republic fell overall by 64 per cent to 211,214.

French car makers took 7.9 per cent of the market compared with 8.8 per cent a year earlier, while Italian producers boosted their

share marginally to 4.9 per cent from 4.7 per cent in 1981.

The Volkswagen/Audi group remains the unchallenged market leader with a share of 29.3 per cent although its share has fallen from 30.4 per cent in 1981.

VW, which was forced to impose extensive short-time working in its domestic car plants in the second half of last year in order to cut back output in line with falling demand, is expected to introduce a new version of its best-selling Golf model at the Frankfurt International Motor Show in the autumn.

The VW Golf remained the most popular car in West Germany last year with sales of 198,461 compared with sales of the Opel Kadett of 188,112.

Opel enjoyed a successful year in the West German market increas-

ing its market share to 18.1 per cent from 15.9 per cent in 1981. By contrast Ford's overall share of the market — including imports of the Fiesta model from Spain — fell to 11.2 per cent from 11.7 per cent in 1981.

Daimler-Benz increased its overall share of the car market to 10.8 per cent from 10.6 per cent in 1981 and is expected to further improve its share this year following the launch of the smaller compact Mercedes-Benz 190. BMW also increased its share marginally to 5.9 per cent from 5.8 per cent in 1982.

The general recession in West German industry inevitably hit hard into commercial vehicle sales with new truck registrations falling by 18.5 per cent to 96,951 following a fall of 17.2 per cent in 1981.

Life sentences for Aldo Moro's killers

BY JAMES BUXTON IN ROME

THIRTY-TWO sentences of life imprisonment were handed out yesterday to members of the Red Brigades left-wing terrorist organisation for their part in the kidnapping and murder of former Prime Minister Aldo Moro and in other actions, including a further 16 murders, in Rome.

The sentences ended the trial of 63 people which began last April and involved 100 days of court hearing.

Five people were found not guilty and three more given amnesties. The remainder received sentences of between 30 years and seven months.

Only two people for whom the public prosecutor had requested

life imprisonment sentences did not receive them. They were, instead, sentenced to 30 years imprisonment. Six terrorists who had confessed and turned state's evidence were given sentences of between 10 and 16 years.

There was total silence in court when the sentences were read out. Few of the accused had made any serious attempt either to defend themselves or explain the kidnapping and death of Aldo Moro in the spring of 1978.

From the point of view of the authorities, the trial failed to produce much important new information on the motivation and actions of the Red Brigades during the Moro kidnapping.



Red Brigades: 32 members jailed for life

Eanes pins hopes on election

By Diana Smith in Lisbon

PORTUGAL'S President Antonio Ramalho Eanes has provoked an angry reaction from the ruling Democratic Alliance (AD) by deciding to dissolve parliament and call an early general election.

For the outgoing Balsemão government has steered the 1983 budget through parliament.

The Social Democrats, led by Sr Francisco Balsemão, voiced total disagreement with the President's decision to reject an AD government that, they say, is backed by an undiminished parliamentary majority. The largest party in the AD, the Social Democrats raised doubts about the sort of caretaker government Portugal will now have.

General Eanes made it clear in his announcement that he wants to see the political scene clarified so that Portugal's grave economic problems can be faced. He felt that the AD no longer had the weight and coherence for this task.

A caretaker period, followed by a long election campaign with results unlikely to grant a clear majority to any party, raises questions about the degree of future clarity that can be expected.

Portugal's small, weak economy, characterised by a large public sector, a weak industrial and agricultural base and heavy reliance on imported goods and funds, ran into a particularly bad patch in 1982: demand overheat, production stagnated and the balance of payments deficit hit \$30m or 14 per cent of the gross domestic product.

Gold reserves fell well below the target of more than \$12bn, which is equivalent to more than 50 per cent of Portugal's modest GDP. However, lack of deficit policies, and a prolonged absence of a 1983 budget have increased pressure on foreign borrowing.

Portugal would not be able to scrape by indefinitely on short and medium-term loans while the economy is handled by caretaker regimes.

Portugal lived without a budget for months during past crises, when ministries received sparse monthly funds. But in those days, the current account deficit and foreign debt were smaller.

Failure to enact reforms while the AD enjoyed a solid parliamentary majority, and the wasting of time on infighting in the coalition, has left the country less able to cope with economic privatisation.

The Portuguese in recent years demanded and often got long terms and small spreads over Libor in foreign borrowing, which has helped their debt management. But this picture is changing: sell downs on last year's large loans met resistance from smaller banks who show signs of allergy to rates that bring them no profit, demanded by a country that is in no position to exact fine terms.

Portugal's creditors do not seem nervous at this time. But they are looking for a sign of economic discipline, such as the measures recommended by the Bank of Portugal to increase the rate of crawling peg devaluations, raise interest rates and worsen the surchance on superfluous imports. Many observers felt Sr Balsemão should have delayed his resignation until these measures could be enforced and the 1983 budget passed through Parliament.

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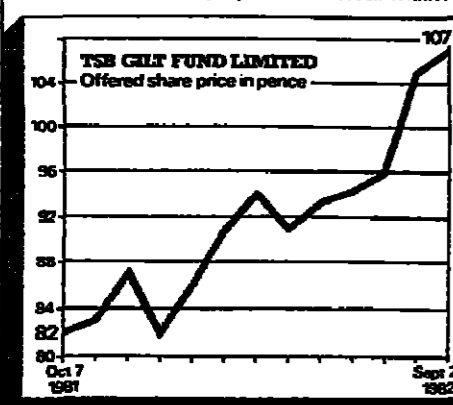
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OVERSEAS NEWS

Australian opposition casts shadow over foreign bank plans

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE AUSTRALIAN Labor Party (ALP) has reaffirmed its opposition to allowing foreign banks into Australia, raising question marks about a Government plan to let about 10 foreign banks apply for licences.

Mr Paul Keating, Labor's recently promoted spokesman on economic affairs, says the ALP would vote against any legislation introduced by the Government to pave the way for the entry of foreign banks. However, the ALP has not said it would rescind licences, if granted.

Mr John Howard, the Federal Treasurer, said last week that successful applicants for banking licences would have to offer a wide range of services. Further details are due shortly, but the ALP's opposition has cast a shadow over the prospects given that this is an election year.

Mr Keating claimed yesterday that the entry of foreign banks would lead to de-regulation of the Australian financial system, and cost the country control over interest rate, monetary and exchange rate policy.

"I can't see a compelling case for allowing the loss of this national autonomy," he said. "Once the foreign banks are here, they will not be interested in retail banking, or small business, or farm finance or housing."

It is assumed the Government is keen to grant licences to at least three North American banks, three from Asia, including Japan, and at least three from Europe, including Britain.

Mr Keating has called the plan "fairly ill-conceived," despite solid backing from the corporate and financial sectors. If not the Treasury.

He has also expressed concern that Australia should choose the present time to link itself more directly with the "general instability of the international banking system."

Hong Kong may repatriate Vietnamese refugees

BY ROBERT COTTELL IN HONG KONG

THE HONG KONG Government is considering repatriation of Vietnamese refugees as opportunities for third-country resettlement diminish and fresh boatloads continue to arrive in the colony.

There are now 13,000 Vietnamese refugees in Hong Kong. Of these, 3,400 have arrived since the Government introduced its "closed camp" policy in the second half of last year. Closed camps, intended to deter new arrivals, confine the refugees in prison-type conditions.

A senior Hong Kong Government official emphasised yesterday that repatriation was an eventual possibility, rather than a present intention. The hardening Government line on refugees reflects the failure of the closed camps as a deterrent.

There is a belief that refugees now arriving in Hong Kong from Vietnam are seeking economic betterment rather than fleeing political persecution.

The Government official conceded that involuntary repatriation would be a "heart-rending business" and that, if it were to go ahead, it would require the co-operation of the Vietnamese authorities.

South Korean economy expected to grow 7.5%

BY ANN CHARTERS IN SEOUL

THE SOUTH KOREAN economy is expected to grow 7.5 per cent in real terms this year and commodity exports are to increase 12 per cent to \$23.5bn (\$14.8bn), up from last year's \$21.1bn, according to the Seoul government's 1983 economic management plan.

The optimistic projection for GNP growth comes on the heels of last year's 6 per cent growth, and assumes higher domestic consumption, particularly to take up slack demand if exports fall short of their goal.

The plan also assumes the U.S. economy will grow at a rate of 3 per cent and will continue to absorb more than a quarter of South Korea's exports. The target for exports is already met, with a 10 per cent earlier goal of close to \$24.5bn announced late last year.

This year's import bill, at an estimated \$25.5bn, presumes that prices on imported commodities, particularly petroleum, will remain at last year's levels.

As imports are still expected to increase 9.2 per cent, dollar terms over 1982, several ministries are taking a closer look at how flexible the import figure can be. Some domestic fixed investment and consequent imports may be changed if the world economic recovery slows.

The deficit in the current account is expected to reach \$2bn against the 1982 deficit of \$2.55bn. This presumes that, for the invisibles account, the balance of trade remains at 9 per cent.

Israel digs heels in as Habib flies home

By Ihsan Hijazi in Beirut

LEBANON yesterday rejected again Israel's demands for the establishment of early warning stations and for normalised relations, suggesting instead a "framework for a protocol to regulate ties" between the two countries, a Lebanese official announced.

Mr Daoud Sayegh said that Mr Antoine Fattal, the chief Lebanese negotiator at yesterday's resumed talks in Khalde, had spoken of "Israel's demands that cannot possibly be accepted without exposing Lebanon's internal and external conditions to critical dangers."

This has become the standard phrase for refusing normalisation and Israeli-managed spy stations for fear of Syrian demands for similar arrangements and an Arab economic boycott against Lebanon.

A Lebanese newspaper, *As Saïr*, reported yesterday that Syria has let it be known it will not pull out its forces, now deployed in the Samir groups in eastern Lebanon if the Israelis retained a monitoring station at the Barouk mountains in the Chouf, south-east of Beirut.

Lebanon went into the talks with Israel expecting little or no tangible results following the deadlock in efforts by Mr Philip Habib, the special U.S. envoy, to secure an early withdrawal of foreign forces from its territory.

Mr Habib flew home yesterday for consultations with his government after he was unable to persuade the Israeli side to change its position.

Lebanese, Israeli and U.S. representatives gathered at the Lebanese Beach Hotel in Khalde, south of Beirut, for a ninth round of the negotiations which started on December 28.

A shell exploded about a hundred metres from the hotel, wounding an Israeli soldier.

AP reports from Tel Aviv: The Israeli military command said the rocket attack near Khalde originated from an area controlled by the U.S. Marines. The Marines denied the claim.

Baghdad appoints new Foreign Minister

Mr Tariq Aziz, Iraq's deputy Prime Minister, has been appointed Foreign Minister, Baghdad radio announced yesterday. He replaces Mr Saadoun Hammadi, who has been ill for several weeks. Our Foreign Staff writes.

Mr Aziz is a leading member of the Revolutionary Command Council and has for several years acted as Iraq's principal political envoy. His role has broadened since the start of the Gulf war as Iraq has sought to extend its international relations, especially with Western nations. The new Foreign Minister is the only Christian in the upper reaches of the political leadership.

WORLD TRADE NEWS

MAIN REASON FOR TRADE DEFICIT DETERIORATION

French manufactured goods surplus falls

BY DAVID MARSH IN PARIS

FRANCE'S traditional trade surplus in manufactured goods fell by half last year as a combination of buoyant French consumer demand and sluggish competitiveness boosted imports and held down exports.

Detailed figures from the Foreign Trade Ministry show that the drastic fall in the surplus on manufactured goods—down from FF42.5bn in 1981 to FF19.3bn (\$2.7bn) last year—was one of the main reasons for the overall deterioration in the trade deficit.

The government announced last week that the trade deficit for the year rose to FF83.3bn from FF49.8bn in 1981. The overall trade figures are on the basis of "freight on board" (fob) for both exports and imports, whereas the product-by-product breakdown is calculated cost, insurance, freight (cif) for imports and freight-on-board for exports.

According to these detailed figures, the deficit in energy products rose to FF178.4bn last year from FF161.6bn in 1981. Despite the increase in France's energy bill caused by

the strength of the dollar, the annual rise was less than in recent years.

Another cause of the overall increase in the deficit was a slump in the French surplus in farm goods and products of the agro-industrial business. This fell to FF14.9bn from the record FF21.1bn in 1981.

The figures emphasise the way that the government's reticent programme in 1981 and the early part of 1982 helped boost consumer demand for goods like cars and electrical products often made more cheaply abroad.

The government took action to dampen demand at the time of the June devaluation of the franc. One of the declared intentions was to lower the trade deficit for 1983 by at least FF20bn to FF30bn.

In recent months, French ministers have pointed to the sharp increase in imports as a virtue in disguise. M Jean-Pierre Chevènement, the Research and Industry Minister, for instance, has been saying that, far from adopting protectionism, France has been

performing a "locomotive" function in Europe by helping to boost the exports of neighbouring countries hit by recession.

The figures partially bear this out. The trade deficit with the EEC doubled to FF64.1bn last year from FF31.4bn in 1981. Most dramatically, it rose to FF38.1bn from FF23.2bn vis-à-vis West Germany. With Belgium and Luxembourg the deficit doubled to FF6.1bn from FF3.2bn, while French trade with Italy swung from a surplus of FF3.7bn in 1981 to a deficit of FF4.3bn last year.

Underlining success in cutting oil imports—and in boosting exports to the oil states—the deficit with Opec fell to FF5.9bn from FF6.1bn.

Among the different manufactured goods sectors, the Ministry says that the deficit due directly to spending by households doubled last year to FF12.2bn from FF11.6bn in 1981.

In household electrical and electronics goods the shortfall rose to FF10.1bn from

Leyland push into Europe

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LAND ROVER-LEYLAND, the BL subsidiary, has established a company in France with a start-up capital of FF8m (£740,000) as part of plans to improve its position of Continental truck markets.

Called Leyland Vehicules Industriels, the new concern is based at Gonesse, north of Paris, and will be responsible for the French distribution of Leyland's range of trucks, the Roadtrain, more than trebled in 1982 from 63 to 300. This gave Leyland a 1.4 per cent penetration of the highly-competitive heavy truck market.

Mr Peter Fitzsimon, European operations director, who heads the new company, says the strategy will be for Leyland first to establish a firm foothold in France before moving into any of the other major Continental markets.

Sixteen new dealers were appointed in France during 1982, taking the total to 35 and increasing the Leyland geographic cover from 19 to 67 per cent.

Sales of Leyland's top-of-the-range T45 "Truck for Europe" model, the Roadtrain, more than trebled in 1982 from 63 to 300. This gave Leyland a 1.4 per cent penetration of the highly-competitive heavy truck market.

"We have overtaken Ford, Bedford, Dodge, MAN and our

penetration must be compared with Renault's 1 per cent of the equivalent UK truck market sector," says Mr Fitzsimon.

Leyland has recruited 50 service agents, over and above the 35 dealers, in France and 62 service agents outside France "strategically placed to cover the European TIR routes."

Mr Fitzsimon reckons that Leyland will be very pleased if it can hold truck sales in France at 300 this year in view of the general drop in demand.

However, sales of the new Freight Rover vans, launched last October in France, are going well—100 have been sold so far.

Talks soon on China N-plant

BY COLINA MACDOUGALL

A NEW phase of negotiations on the proposed \$600-million nuclear power station in China's Guangdong province will begin in March, according to a spokesman for the China Light and Power Company of Hongkong.

Detailed talks will start in Hongkong between the major participants in the project, China Light and Power, and the Guangdong Electric Power Corporation.

In the same month GEC of Britain, which is the front-runner for the contract for the turbines for the plant, will send a team to China to discuss important technical discussions which it hopes will result in a letter of intent.

The Hongkong talks will focus on the establishment of the joint venture, to be called the Hongkong Nuclear Investment Company. They will revolve around the size and share-out of the equity, financing of the deal, other possible participants, the

off-take of power by Hongkong, and its price.

The price to the consumer in Hongkong will not exceed what he would have to pay for power from a thermal plant within the territory, the spokesman said.

While GEC is cautiously optimistic that it will reach agreement with the Chinese, it still has to convince Peking's Ministry of Power that it would be the most appropriate suppliers.

The French company Framatome is in line to provide the nuclear element for the plant, and have suggested Alsthom, also French, either as supplier of the generating units or as leader of that project with GEC as sub-contractors. This GEC has declined.

While no contract is likely to emerge at least until the formation of the joint venture company and the completion of further economic and technical studies, Chinese officials say that GEC will be favoured

because of the Hong Kong connection. Sixty per cent of the project cost has to be recouped through sales of power to the territory.

Conclusion of a deal on this basis would reflect favourably on the future of Hong Kong, at present under crucial discussion by Britain and China. Sir Edward Youde, Governor of Hong Kong, arrived in London at the weekend for talks with Mrs Thatcher, who opened negotiations with China during her visit to Peking in September.

Repayments, always heaviest in the first years, are expected to start when the project is completed in the early 1990s and run on well beyond 1997, when Britain's lease on Hong Kong's New Territories expires. Hong Kong's economy will need to expand to absorb this big new injection of power, and must maintain a currency worth holding.

EEC faces Third World dilemma

By Larry Klingler in Brussels

THE EEC is facing a serious dilemma in its relations with the Third World over the troubles besetting Stabex, the EEC's grants and loans scheme aimed at stabilising export incomes in commodity-based developing countries.

The 63 African, Caribbean and Pacific (ACP) countries grouped under the EEC's special Lomé trade and aid arrangements have for several months been calling for an emergency joint ministerial conference on Stabex, but the Community has not yet been able to set a date, although it is considering talks in Brussels either at the end of March or the latter part of April.

Access

The financial support arrangements made under the existing Lomé convention, signed in 1975, last five years. Under them the EEC grants the ACP countries duty-free access for industrial products and special concessions on certain agricultural products.

The ACP nations' concern revolves around the Stabex's shortage of support money, a problem aggravated by budgetary belt-tightening within the EEC which is limiting the funds available to help support Third World imports.

The EEC is well aware that the ACP countries have a genuine concern in demanding talks aimed at overcoming the present difficulties and that the Stabex arrangements, as they stand, are inadequate.

The fear is that an emergency conference now might provoke acrimonious debate which could sour negotiations to start in September on establishing a Third Lomé Convention to govern EEC-ACP co-operation from 1985. Given the mood within the EEC member-states that there is no immediate extra money available, the Commission believes the issue can only be sensibly tackled in the context of the overall negotiations towards a Lomé III initial proposals for which are not due until the end of March.

Recession

Following the inception of the first Lomé arrangements in 1975, Stabex worked extremely well in its early years and came to be increasingly praised as a model scheme for North-South co-operation. However, the period covered a time of relative buoyant and stable commodity prices. Trouble set in when the current world economic recession took hold and raw material prices dropped.

Stabex payments from the EEC to the ACP nations are triggered when a country's normal export receipts drop below a certain percentage of their level over the preceding four years. So when commodity prices plunged in 1980 and 1981, there was an enormous acceleration in demands from the EEC funds.

This meant that Stabex funds fell well below levels sufficient to meet the legitimate demands of developing countries for two years running, with a further shortfall likely for 1982.

In 1981, only about 25 per cent of the demands could be met, leading to a drastic curbing of the original requests and the mobilisation of all of the scheme's "spare cash." In the end around \$205m was made available, but this still only covered 45 per cent of scaled-down demands.

The ACP nations argue that the Community should be willing to strengthen the scheme immediately, if only to demonstrate its good faith ahead of the forthcoming Lomé negotiations.

The ACP states recall that, in talks leading to the current Lomé arrangements, the EEC "generously agreed to double the system's coverage but then limited the increase in Stabex aid to around 50 per cent."

Gesture

The ACP states also argue that the Community could still afford to make a significant gesture since the money in question is relatively small. They point out that the 57m European currency units provided for the current five-year Stabex programme (about \$622m at average 1981 rates) represents less than 10 per cent of all Lomé aid, embraced under the European Development Bank and the European Investment Bank.

There are growing pressures in the EEC to see that aid is used more effectively for the longer-term. "It is not just a matter of the level of payments," said a Commission official. "What must be guaranteed is the ACP countries' ability to produce competitively at the moment, virtually all production of tropical products in Africa is declining and many markets are being lost to Asian and Latin American countries. The real problem may be structural, which, if not solved, would condemn Stabex to bankruptcy."

How South Africa won its billion-dollar battle in the IMF

BY DAVID TONGE AND QUENTIN PEEL

THE MINUTES of a recent crucial board meeting of the International Monetary Fund gave a rare insight into how that pivot of the world's financial system decides whether or not to extend a loan to a politically controversial borrower.

The meeting was to decide whether the IMF, already being drawn deep into the problems of Latin America, should lend SDR 1.1bn (\$1.1bn) of its liquid reserves to South Africa. The question was made particularly contentious by the 121-three vote 13 days earlier in the United Nations General Assembly that the IMF should not do so.

The IMF argues that it always acts purely on technical grounds. But the minutes of the meeting, held on November 9—obtained by the Anti-Apartheid Movement and then independently verified—reveal the tenor on that surround loans of IMF funds to an area of extreme political sensitivity.

Although the argument was conducted almost exclusively in economic terms—the word "apartheid" was mentioned twice by the U.S. only—the minutes show how the executive directors from the Third World and Arab states lined up on one side and those from the industrialised nations on the other.

They also underline the awareness of all the directors that a country's economic performance cannot be entirely divorced from its political system: in the case of South Africa, the key concern of the board was the "structural rigidity" of the labour market, a direct consequence of legally enforced racial discrimination, delaying an economic recovery.

The debate, which lasted for most of the day behind the heavy wooden doors of the board room on the 12th floor of the IMF's Washington headquarters, focused on two broad issues: whether South

Africa was truly in need of IMF support and whether its proposed economic policies were enough to deserve such support.

Ironically, it was the Third World directors who might normally be expected to argue for less stringent conditions to be attached to Fund loans, who were pressing for tougher terms to be imposed. The Western representatives and Fund officials felt South Africa had done enough.

South Africa's latest dealings with the Fund date back to mid-1982 when Pretoria made a confidential approach to the IMF for balance-of-payments support. It argued that its current account deficit (SDR 3.5bn in 1981 and an eventual SDR 4bn in 1982) had soared as gold and diamond prices had fallen, and that it would have great difficulty in continuing to borrow abroad in sufficient quantities and on acceptable terms.

In October it made a formal application to the IMF board for two loans—SDR 630m from its Compensatory Financing Facility (designed to deal with falls in export earnings) and SDR 364m under a regular standby agreement.

Normally IMF directors are informally told of the despatch of a preparatory IMF mission but M Jacques de Larosiere, the Fund's managing director, said South Africa has asked him to keep total confidentiality—the first time he had received such a request in his four years in office. Executive directors of the Third World combined to argue at the board meeting that the fund had acted with unusual speed and secrecy.

The minutes show the industrialised countries all criticising South Africa's labour policies but favouring the loans. The opposition was led by Mr Yusuf Nimatallah, the Saudi representative. Saudi Arabia's voice in the fund has grown as

it has become a major contributor. It has provided SDR 8bn to the IMF's coffers since April 1981 and is now reportedly close to providing an additional SDR 2bn.

The debate on whether South Africa needed Fund support focused on three areas: ● Pretoria's alternatives. Mr Richard Erb, the U.S. representative, cited IMF staff arguments that South Africa's potential for further borrowing and reserves was very limited and that its debt had grown by 55 per cent in 1981. However, Mr Mohamed Finaish, for Libya, Kuwait and 12 other Muslim countries, insisted that South Africa had made no convincing case that its problems could only be solved by resorting to the Fund.

Its debt service ratio was expected to fall to 7 per cent in 1983, well below that in member countries of similar size and with comparable resources.

For Saudi Arabia, Mr Nimatallah asked why South Africa did not borrow on the capital markets as its credit rating was favourable. Its debt service burden was very small, its reserves relatively strong and its average income high.

These arguments over Pretoria's need to approach the Fund were made the more intense by disagreement over the gold price used in forecasting South Africa's requirements. IMF staff appear to have accepted the South African forecast of \$315 per fine ounce in the months ahead. The day before the board meeting the price had been \$331—this year it has averaged \$478.

● South Africa's suitability for CFF loans. The industrialised countries accepted it as a worthy recipient, but Mr A. S. Jayawardena, from Sri Lanka, also representing India and Bangladesh reminded the board that industrial countries had been advised not to use the CFF.

In the debate on the adequacy of South Africa's economic, fiscal and monetary policies the underlying political implications became still clearer: the key arguments were whether there was adequate budget restraint—including the curbing of the heavy defence spending; on whether there was sufficient monetary control—especially in the area of subsidised loans to the white farming community; and above all on whether the Fund should lend on much more radical action to remove artificial barriers to employment, to improve training and job mobility for the black majority—i.e. structural adjustment—going to the heart of the apartheid system.

On structural adjustment, there was a broad degree of consensus on the need for action, but the directors differed on whether or not it should be

"We, like other Executive Directors, believe it right to treat applications from countries for Fund assistance on their technical merits, according to the normal procedures and criteria of the Fund," wrote Sir Geoffrey Howe, Chancellor of the Exchequer (right), on October 29 1982. This was four days before Britain and the major Western countries supported two IMF loans to South Africa.



M de Maude argued that the staff report lacked "a thorough examination of the greatly needed supply action in the labour market." He cited an unemployment rate of 7.3 per cent among unskilled workers coinciding with shortages of skilled workers, and called for "a much higher priority" to be given to programmes to relieve the bottleneck.

Mr Finaish maintained that the issue "had never been fully analysed in staff papers even though it dominated South Africa's economic and social development." It was not simply a matter of more training, but

of dismantling the "main constraint of labour mobility resulting from restrictive laws, regulations and practices."

Sir Lovato declared that the increase in the price of gold in recent years "had given the authorities an opportunity to make badly needed structural reforms, but they had sharply increased expenditures, including defence outlays, elements of structural modification should be part of any stand-by arrangement."

In his response to the executive directors, Mr Allen Whitmore, the European Director, admitted that there was a direct conflict between IMF recommendations and the South African policy on the labour question. He said, "was to provide incentives to industry to move to the underdeveloped parts of the country," whereas the Fund staff "stressed the need to open the existing developed parts of the country to all employees."

Nonetheless, he argued that during the period of the proposed standby arrangement, "even substantial changes in the labour field would not have a decisive effect on the balance of payments."

The major concern of several directors was the lack of adequate restraint on state spending. Mr Michael Casey, of Ireland, also representing Canada and Caribbean countries, said that the proposed reduction in the fiscal deficit—from 2.5 per cent of GDP in 1982 to 2 per cent in 1983—was "not rigorous, even when the continued sluggishness of gold-related revenue was taken into account."

The authorities should be encouraged in their attempts to focus expenditure restraint on such areas as defence and, perhaps, subsidies," he added.

Mr Whitmore responded that the South African Government

had cut the proportion of public spending in GDP from 22 per cent in the mid-1970s to 21 per cent in the early 1980s, "an achievement that had been equaled by few other member countries." He also argued that the 50 per cent drop in tax receipts from gold, cutting the fiscal deficit from 2.5 to 2 per cent amounted to "substantial adjustments compared to the modest changes in Fund-supported programmes."

● Monetary policy. Many executive directors—though not those representing the U.S. and Canada—were worried at an apparent relaxation of monetary control. They feared a decline in interest rates shortly before the meeting, and a move by the South African Reserve Bank to lower the reserve requirements for commercial banks. They were also concerned that no action had been recommended to restrain the activities of the Land Bank, which gives subsidised loans to white farmers.

No formal vote was taken, but during the course of the day the U.S., Britain and West Germany—which in the UN had opposed the apartheid political factors to influence the IMF's technical judgments—had been joined in supporting the loans by five other country groups.

Those in favour included Canada and seven European states which had abstained in the UN vote. South Africa had the declared support of 22 countries whose weighted vote in the IMF adds up to 61.9 per cent of the fund total.

The 39 black African countries had reserved their position, as had a similar number of other countries. India, Bangladesh and Sri Lanka had loans and 27 countries had opposed them.

"The sense of the meeting, the chairman stated, was to accept the proposed decisions," the minutes recorded.

UK NEWS

Consultative budget suggests tax cuts of up to £3bn

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

TAX CUTS of up to £3bn could be made in the next Budget without breaching the Government's strategy for public borrowing, the Institute for Fiscal Studies (IFS) said yesterday.

The IFS was presenting its own version of a "green" or consultative Budget, which it has prepared with the help of the London Business School and the National Institute of Economic and Social Research.

This suggested that next year's public sector borrowing requirement (PSBR) would be only £3.7bn in the absence of any changes except the indexing of specific duties and income tax thresholds and allowances. This compares with the Treasury's estimate in November that the PSBR for 1983-84 would be about £7bn on the same assumptions.

In its autumn statement the Treasury made a "conventional" assumption that the Chancellor of the Exchequer would aim for a PSBR of £8bn for the next financial year. According to the Treasury this would have given him about £1bn available for "fiscal adjustment".

The IFS believes the scope for fiscal adjustment within a borrowing target of £5bn would be about

£2.5bn. After allowing for the "feedback" effect that tax cuts would have in stimulating the economy and increasing revenue, the IFS says that the scope for tax cuts would be between £2.5bn and £3bn.

Within this borrowing constraint, the IFS has outlined two possible budgets. The first would mainly help households by increasing income tax allowances by 19 per cent and leaving petrol and duty duties unchanged while cutting the employers' National Insurance Surcharge by 0.5 per cent.

The second budget aimed mainly to help industry, would abolish the surcharge, but increase income tax allowances by only 9.4 per cent. Corporation tax would be cut by 2 percentage points and specific duties would not be increased.

The IFS has prepared a third so-called "wet" budget which would increase public borrowing by £5bn to £10.5bn. This would allow the Chancellor to make £3.5bn of tax cuts including 1 percentage point reduction in the basic rate of income tax, a 19 per cent increase in income tax allowances, abolition of the insurance surcharge and no increase in specific duties. He would still have £1.5bn available for extra capital spending.

Reforms proposed for London police force

BY LISA WOOD

PROPOSALS were announced yesterday for making London's main police force, the Metropolitan Police, focus its attention on persistent crime problems and on improving co-operation with the public.

Mr William Whitelaw, the Home Secretary, welcomed the proposals, put forward by the new Metropolitan Police Commissioner, Sir Kenneth Newman. The police force has recently met considerable criticism.

Mr Roy Hattersley, Shadow Home Secretary, said Sir Kenneth's report was a vindication of all Labour politicians had been saying. The reforms went nothing like as far as were necessary to make the police genuinely accountable. But

at least there was an acknowledgement that the Metropolitan Police was in urgent need of reform and re-organisation.

Sir Kenneth describes his report as "first aid measures" to be implemented in the next 12 months with a comprehensive five year plan already commencing. He proposes among other measures:

- A minimum of 650 extra constables on street patrol.
- More manpower in areas of special crime problems, particularly robbery, burglary and street disorders.
- Crime prevention programmes on the lines of the U.S. "neighbourhood watch" scheme.

Steel chief attacks bill on state industries

BY PETER RIDDELL IN LONDON

MR IAN MACGREGOR, the chairman of the state-owned British Steel Corporation (BSC), yesterday said he was appalled by a private parliamentary Bill put forward by a former Conservative minister to extend parliamentary financial scrutiny to include nationalised industries.

He said that the bill "seems to be flying in the face of proposals outlined by the Prime Minister for making the industries closer and closer to commercial enterprises."

His comments come before the House of Commons debate on Friday on the second reading of the Bill, which would make nationalised industries and other bodies mainly dependent on state finance directly accountable to Parliament. This would be via the Comptroller and Auditor General who would have access to their books.

The bill is sponsored by Mr Norman St John Stevas, the former leader of the Commons, Mr Edward du Cann, the chairman of the Conservative backbench 1922 Committee, and Mr Joel Barnett, the former Labour Chief Secretary to the Treasury.

Mr MacGregor's central argument is that, while in the past British Steel might have been accused of being too much in the image of Government, the whole recent direction had been to decentralise the business and to try to make individual managers responsible for individual decisions.

He believed that the bill would undermine this freedom and responsibility by requiring a central overseeing organisation.

Mr MacGregor also warned that the enactment of the bill would ensure that there would be no further privatisation of state bodies. It would also undermine the launching-pad stage of joint ventures with the private sector. He said that none of the private sector partners would stand for the measure.

His comments reinforce the criticisms of the bill already made by other chairmen of nationalised industries, including Sir John King of British Airways, Sir George Jefferson of British Telecom and Mr Ron Dearling of the Post Office.

CONSUMERS RATHER THAN INDUSTRY WILL BEAR MAIN IMPACT

Fears grow over water supplies

BY IVO DAWNEY, GARETH GRIFFITHS, BRIAN GROOM AND ROBIN REEVES

MOST OF the population of England, Wales and Northern Ireland experienced little immediate effect from the first day of the national water and sewerage strike. Water authorities forecast a gradual worsening of the service, rather than a rapid deterioration.

However, more people were urged to boil water. About 2.5m people in the Greater Manchester area had already been warned to boil water for cooking or washing up as a precautionary measure, as a result of last week's overtime ban.

In Northern Ireland and South-West England people have now been advised to boil water, and in Wales a similar instruction - first issued for some localities at the weekend because of the overtime ban - was extended to up to 300,000 consumers.

In several parts of the country residents had to collect water from standpipes or water tanks because of burst mains, but only small numbers were affected. In the North-West of England, for instance, the

number of people without water was probably about 300 out of a population of 7m.

No areas reported major sewage problems, but nearly all Bristol's sewage - 30m gallons a day - was being pumped directly into the Severn Estuary. The Avonmouth sewage plant, near Bristol, has been closed by the strike.

Wessex Water Authority said the sewage did not constitute a health hazard because of the high level of water in the estuary.

In the House of Commons, Mr Tom King, Environment Secretary, said major water mains had burst in Egham, South London, and at Coventry, but no major pollution incidents had been reported.

He warned that the strike could have "increasingly serious consequences", but services for most people would continue without interruption.

Scotland's 2,000 water workers are working normally because the result of a strike ballot is not expected until tomorrow at the earliest.

In the rest of the country, support for the strike was virtually 100 per cent among manual workers.

In South-West England, Plymouth and Exeter were hit by burst mains and a major leak developed between Truro and Bodmin. Union officials rejected a plea for it to be repaired on the grounds that supply was still being maintained, albeit at reduced pressure.

Mr Bill Holland, strike organiser in the Thames valley area, forecast about 1,500 burst mains in England and Wales by the end of the week. Private consumers rather than industry will bear the main impact of any breakdown in the country's water supplies.

Many of the largest water consumers draw their supplies from private sources, improvements in heat and energy saving have reduced water intake and water consumption by industry is concentrated in the traditional manufacturing

sectors which have shrunk the most during the recession.

Industry accounts for 27 per cent of UK water use. Although the percentage varies from more than half of consumption in industrial areas whereas in the service dominated Thames region which covers the capital, industry's share of water usage is around 20 per cent.

Britain's heavy water users include the electricity supply industry, the food and drink industries, engineering, textile and chemicals. The country's largest water user is the Central Electricity Generating Board which uses between £3bn and 24bn gallons of water a day. Of this only 28m gallons are provided from the public supply.

The exception to the general trend is the food industry. The Food Manufacturers' Federation estimates that within 24 hours of polluted water coming through the taps factories would have to close. Food companies need high quality water to clean the food and for most of the preparations.

New home plan to boost job mobility

THE BRITISH Government yesterday launched a new home ownership scheme to help workers move out of areas of high unemployment to look for work.

Under the plan, which will cost an initial £45m, homes can be bought in stages and the remainder rented from 50 specially selected housing associations.

Mr John Stanley, Housing Minister, said many people were prevented from taking up job offers because they could not afford the cheapest houses in the area concerned.

BMA for Heathrow

BRITISH MIDLAND Airways, the independent airline, supports the development of a fifth passenger terminal at Heathrow to cope with future traffic growth, rather than expansion of the existing Stansted airport in Essex.

BMA, which competes fiercely with British Airways on the Shuttle air route from Heathrow to Glasgow, and plans to step up that competition with a service from Heathrow to Edinburgh, agrees with BA that further development of Stansted would be unacceptable to the airline industry.

Money for robot

ENGINEERS at Liverpool University are to receive £165,000 from British industry to develop an "intelligent robot" for high precision welding in the aerospace, nuclear and chemical industries.

The robot's advantage over existing systems will be its micro processor intelligence. This will enable it to perform more consistently and therefore lower production costs. Its export potential is likely to be enormous.

Rail report attacked

MR BILL SIRS, general secretary of the Iron and Steel Trades Confederation, yesterday urged the Government to throw out the Serpell report on the future of British Rail published last week.

More UK news on Page 8

Large flow of funds into UK institutions

By Jeremy Stone

THE FLOW of funds into UK investment institutions rose sharply in the third quarter of 1982. Although the third quarter figure is normally lower than the inflow for the three months to June, it rose by £1.6bn to £7.6bn, according to government statistics released yesterday.

Most of this extra cash was pushed through into the government securities market: investment in gilts jumped from £700m to £2bn. In the three months to September the gilt market was enjoying a steady rise, in which yields on medium dated stocks fell by nearly a fifth, to about 11 per cent on average.

These figures also show that portfolio investment overseas was running even more strongly than had been thought. The third-quarter total has now been revised upwards to £1.3bn from £1bn, taking the first nine-month's outflow for 1982 to more than £4bn.

Health bodies told to improve buildings

BY GARETH GRIFFITHS

THE GOVERNMENT has told the regional health authorities in England to spend more money on improving and maintaining National Health Service (NHS) property.

A circular sent to health authorities yesterday from Mr Norman Fowler, the Social Services Secretary, gives details of the provisional financial allocation for hospital and community services in 1983-84. The Government is allocating £2.4bn for the 14 authorities.

This represents an increase of 1.2 per cent in real growth for the next year. However, the increase is dependent on each region meeting a target of at least 0.5 per cent increased efficiency.

The combined efficiency savings and new money available from the Department of Health and Social Services is nearly £100m. Many authorities feel that these projections will continue to squeeze services because there is an inbuilt increase in

demand on the NHS with an ageing population.

Mr Fowler said the growth figures for each region were significantly higher than estimations made by the Government in its July circular last year.

The Government wants the health authorities to improve NHS buildings by, for example, brightening up hospital wards. Mr Fowler says he wants authorities to consider using both minor capital as well as revenue for property improvement.

At the same time the DHSS wants regional health authorities to give priority to services, such as renal dialysis and coronary artery surgery, which are used by patients outside the district.

Mr Fowler said that authorities can improve the quality of patient care and make better use of their total resources by upgrading existing buildings.

Ministry unit to track down counterfeits

By Kevin Brown

THE DEPARTMENT of Trade is to set up a special unit to track down fake goods imported from Taiwan, Mr Peter Rees, the Trade Minister, told the House of Commons yesterday.

Mr Rees was asked by Mr Dennis Canavan, a Labour MP, to stop Taiwanese companies exporting counterfeit products manufactured to look as if they were made in Britain.

The minister urged British companies to protect their goods by registering trade marks, patents and designs in Taiwan. He said stricter penalties for trade mark offenders had been introduced in that country.

Mr Canavan was supported by Mr Ivor Stanbrook, a Conservative MP, who said millions of pirated books, including many English titles, had recently surfaced in Nigeria. All were allegedly printed in Taiwan.

The Bankers Trust Company philosophy:

Excellence is achieved only through consistency and innovation.

And daring.

That dramatic moment when 36 pairs of hands join together in the midst of an azure sky is not merely a link.

It is achieved through constant practice, hard work and ingenious techniques. And people inspired by a common purpose to work as one.

It is this common purpose and teamwork which provides the ability to perform consistently under pressure. To work with confidence through proven experience. Daring. It is part of a real-life philosophy, which, when practiced properly, yields handsome rewards.

Common purpose and teamwork: how they work for you.

Bankers Trust was asked to finance a first in world industry—a unique floating polyethylene plant. The plant, developed and sold by Union Carbide, was built in Japan, then floated 14,000 miles to South America, where it became one of the largest producers of polyethylene on that continent.

The necessary Eurodollar financing required the expertise of Bankers Trust's World Corporate Bankers. Our Loan Syndication Specialists. Our Corporate Financial Services professionals.

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People from three continents were brought together to work as one, carefully guided by one of Bankers Trust's experienced relationship managers. Someone who had the daring and expertise to realize the potential of people working with a common purpose. People inspired by the pursuit of excellence.

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stand out in our industry. And the kind of performance which helps make our clients first in theirs.

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In one day, Lawrence of Arabia and three Rolls-Royces destroyed two Turkish command posts, blew up a bridge, wiped out a regiment of Kurdish cavalry, blew up another bridge and destroyed 600 pairs of railway lines. His driver remarked: "The experience of driving a Rolls-Royce is one of continuous hustle."

The suspension system on a 1983 Silver Spirit is so sensitive it compensates for the gradual emptying of the petrol tank.

Miss Letitia Overend of Dublin drove her 1926 Rolls-Royce every day for over 50 years. Her sister, Naomi is still driving the same car.

The 1983 Bentley Turbo accelerates its two and a half tons from 0-60 in just 7.0 seconds.

Extras fitted to a Rolls-Royce have included a pianola, an espresso coffee machine, a bed, hot and cold running water, an interior roof depicting the heavens - and a commode.

The final polishing of the Spirit of Ecstasy mascot is done with powdered cherry stones.

When Prince Yusupov assassinated Rasputin (using cyanide, a gun and a club), the mad monk's cadaver was transported to the banks of the Neva in a Rolls-Royce.

To test the durability of their seats, Rolls-Royce use "Squirmy Irma," a 200lb simulated bottom which squirms on a seat one million times.

In the first World War a group of British officers driving a Rolls-Royce chased six German staff officers in a Mercedes across the desert at 70m.p.h. They eventually destroyed the German car and captured its occupants.

You will never open the ashtray in a Rolls-Royce and find a cigarette end. It empties automatically.

In 1910, for publicity purposes, Rolls-Royce engineers balanced a penny on the radiator cap for two minutes while the engine was running at full throttle.

The hydraulic tappets on a Silver Spirit are assembled the hard way - immersed in paraffin - to avoid contamination by dust.

A Rolls-Royce will support the weight of a full grown African elephant with only 1½" of give. Rolls-Royce Motors do not recommend this.

It takes one man one day to make a Rolls-Royce radiator. Five hours are then spent polishing it.

Only one modern British Rolls-Royce has left the factory bearing a mascot other than the Spirit of Ecstasy. A very important Phantom VI has a St. George and the Dragon figurehead.

The horn button contacts on a Silver Spirit are made of silver and gold.

The Duke of Westminster carried out commando raids in a 1914 Rolls-Royce. His exploits in it included charging a platoon of German cavalry.

Lenin fitted half tracks to his 1919 Rolls-Royce. Rolls-Royce Motors do not recommend this.

The air conditioning in a Silver Spirit is unique - the only one in the world separately controllable at two levels: knee height and head height.

The minimum distance between British parking meters was originally determined by the length of a Rolls-Royce Phantom V.

A secret electrical device on the 1983 Bentley Turbo holds its speed under 140m.p.h. in the interests of safety.

The Maharajah of Mysore had his Rolls-Royce blessed each year with a shower of rose petals.

There is a heat sensor in the Silver Spirit that automatically adjusts the temperature in the car to compensate for the heat gain from the direct rays of the sun.

Of twelve craftsmen who make radiators for Rolls-Royce cars, no two make them exactly the same. Each man can recognise his own work on any car he should see on the road.

The badge on a Rolls-Royce was red, until the year Sir Henry Royce died, when it changed to black.

The brass wheel nuts on the Silver Spirit are threaded in opposite directions on either side of the car so that the rotation of the wheels always tends to tighten them.

A 60 foot 1½ ton flagpole once fell onto the bonnet of a Rolls-Royce in Delhi. The flagpole broke in two: the radiator of the car was undamaged.

You could drive a Silver Spirit from the Arctic Circle to the Equator without having to adjust the air conditioning - the interior temperature would remain constant.

A Rolls-Royce number plate - RR1 - was sold in 1968 for more than the price of the Silver Shadow to which it was attached.

Engineers use a stethoscope to check the smooth running of the engine on a Silver Spirit.

Henry Royce once destroyed 12 cylinder blocks with a hammer, having discovered minor imperfections in each one.

The cooling capacity of the air conditioning system of the Silver Spirit is equivalent to that of 30 domestic refrigerators.

The first 10h.p. Rolls-Royce was sold for £395. Today it is worth over £250,000.

The air conditioning in a Silver Spirit can change the air three times every minute.

Each Silver Lady made between 1911 and 1951 bears the signature of the artist, Charles Sykes.

In tests, a Silver Spirit was crashed at 30m.p.h. into a 100 tonne block of metal, then a 2,000lb block of concrete was rammed into the back of the car at 20m.p.h. to demonstrate the Spirit's ability to withstand impact.

The Hon. C.S. Rolls represented Cambridge as a racing cyclist. Henry Royce sold newspapers for W.H. Smith.

It takes twelve hides to make the upholstery on a Silver Spirit - enough to make 300 pairs of expensive shoes. The hides come from remote parts of Northern Europe, where the relative absence of insect pests and barbed wire produces the unblemished quality required.

In 1907 a Rolls-Royce attacked the world endurance record of 7,000 miles. After 14,371 miles the R.A.C. stopped the test. The cost of replacing worn parts was two pounds, two shillings and seven pence.

Most modern car manufacturers have to use three body shells in the standard series of impact tests required by safety legislation. The Silver Spirit body is so strong that only one need be used for the whole series.

One year after Henry Ford bought his Rolls-Royce, two engineers from Derby visited him to check the car was running well. He was so impressed he cabled Royce: "When I have sold one of my cars I don't ever want to see it again."

The valve seats in a Silver Spirit are given a natural finish of one sixteen millionth of an inch.

Each Spirit of Ecstasy (the Silver Lady) is individually sculptured and cast by a 4,000 year old Chinese 'lost wax' process. No two are alike.

One complete room at Rolls-Royce is mounted on cork: the Standards Room where the calibration of measuring instruments is carried out.

The largest purchaser of Rolls-Royce motor cars in the world was the Scottish Co-operative Society - 240 in all.

A Rolls-Royce motor car was once made with a clinker-built wooden plank body. It was for a time owned by King Farouk.

The world record for travelling from London to New York is held by a British businessman, using Concorde, two helicopters - and two Rolls-Royces. Four hours, twenty-three minutes, office to office.

Only one hide in 500 is considered good enough to be chosen for Rolls-Royce.

A cocktail cabinet with cut glass decanter is standard equipment on the Rolls-Royce Phantom.

*You know all those stories about
Rolls-Royce?*

The lines of the Rolls-Royce radiator are slightly bowed to give the appearance of rectilinearity - the same principle used by Kallikrates in building the Parthenon.

The ball joints in the throttle linkage on the 1983 Silver Spirit were designed by Sir Henry Royce over 50 years ago. No-one has been able to improve on them - so they have never been changed.

The air conditioning on the Silver Spirit is so refined that it costs as much to make as a small car.

Sir Henry Royce used to test early Rolls-Royce cars by dragging granite kerbstones up and down steep hills.

David Ogilvy's famous fifties' headline: "At 60m.p.h. the loudest noise in the new Rolls-Royce comes from the electric clock" was not a new thought. The Autocar review of the Silver Ghost in 1907 read: "At whatever speed the car is driven, the auditory nerves when driving are troubled by no fuller sound than emanates from the eight day clock."

The original Silver Ghost has covered approximately 600,000 miles. In 1982 it was driven from Glasgow to London, repeating a journey it first made in 1907. The journey presented no problems for the 75 year old masterpiece.

In construction, every Rolls-Royce motor car is accompanied by a "history book" which is signed by the craftsmen who work on it.

Every Rolls-Royce Silver Spirit engine is hand-built.

Lenin, Stalin and Leonid Brezhnev all owned Rolls-Royce cars - so did Czar Nicholas II.

Test drivers on the Silver Spirit have clocked up one million miles a year.

One of the pre-war coachbuilders for Rolls-Royce was descended from the coachbuilder for Queen Elizabeth I in 1564.

The bodywork on a Rolls-Royce Corniche is constructed entirely by hand. The car itself takes five months to build.

"Doctors declare the Rolls-Royce to be the only petrol car they could bring up to a patient's house and drive away without the possibility of disturbing the patient." Rolls-Royce advertisement 1910.

Over six out of ten of all the Rolls-Royces ever built are still on the road.

Rolls-Royce will always be British. Should the company ever fall into overseas ownership, the name will die.

They're all true.



Rolls-Royce Motors Ltd., Crewe, Cheshire. A Vickers company.

ENJOY A MONTHLY INCOME FROM NATIONAL SAVINGS— WITHOUT TOUCHING YOUR CAPITAL.

Suppose you have £5,000 or more to invest. You want to keep your capital intact. At the same time, you could do with something extra—to spend, top up your earnings or pension.

This is exactly what National Savings Income Bonds are for. They give you a regular income every month, without drawing on your capital.

Always good interest

Currently, the interest rate is 11½% p.a., earned on a day to day basis. It will vary from time to time, to keep it competitive. Here is the monthly income you can get today at various levels of investment.

Investment	Average Monthly Income
£5,000	£47.91
£25,000	£239.58
£60,000	£575.00

Each additional £1,000 invested produces £9.58 a month—£115 a year.

You can have the income paid directly into your bank account, or sent to you by post.

Up to £200,000

You can buy Income Bonds in multiples of £1,000. The minimum holding is £5,000 and the maximum £200,000.

Income Bonds can be a valuable source of income to trusts, registered companies, charities, friendly societies, clubs, &c.



Spend capital to get extra income?
It's like pulling up a rosebush
just to have a few flowers indoors!



INCOME BONDS

Interest paid in full

Interest is taxable, but tax is not deducted at source.

This is beneficial to organisations and individuals who do not have to pay tax—including children whose money is held in trust.

Repayment

You will receive the full rate of interest up to the date of repayment, if you give six months' notice and the Bonds have been held for a year or more at the time repayment is made.

For details of the terms for cashing in at three months' notice, and for cashing in during the first year, see paragraph 6 of the prospectus which is published in full below.

Buy Bonds here and now

Fill in the coupon and send it with your cheque (payable to 'National Savings,' crossed 'A/C Payee') to NSIB, Bonds and Stock Office, Blackpool, Lancs, FY3 9YP.

Or you can get the prospectus/application form, plus pre-paid addressed envelope, at your post office.

PROSPECTUS

1. The Director of Savings is authorised by the Lords Commissioners of Her Majesty's Treasury to receive until further notice applications for National Savings Income Bonds ('Bonds').

2. The Bonds are a Government security, issued under the National Loans Act 1968. They are registered in the National Savings Stock Register and are subject to the Regulations relating to the National Savings Stock Register for the time being in force, so far as these are applicable. The principal of and interest on the Bonds will be a charge on the National Loans Fund.

PURCHASE

3.1 Subject to a minimum initial purchase of £5,000 (see paragraph 4.1) a Bond may be purchased for £1,000 or a multiple of that sum. Payment in full must be made at the time of application. The date of purchase will for all purposes be the date of receipt of the remittance, with a completed application form, at the Bonds and Stock Office, Blackpool, or such other place as the Director of Savings may specify.

3.2 An investment certificate, bearing the date of purchase, will be issued in respect of each purchase.

HOLDING LIMITS

4.1 No person may hold, either solely or jointly with any other person, less than £5,000 or more than £200,000 of Bonds. Bonds inherited from a deceased holder will not count towards this permitted maximum. Furthermore, Bonds held by a person as trustee will not count towards the maximum which he is permitted to hold in his personal capacity; nor will Bonds held in trust count towards the permitted maximum of a beneficiary's personal holding.

4.2 The Treasury may vary the maximum and minimum holding limits from time to time, upon giving notice. No such variation will prejudice any right under the prospectus enjoyed by a Bondholder immediately before the variation in respect of a Bond then held by him.

INTEREST

5.1 Interest will be calculated on a day-to-day basis from the date of purchase at a rate determined by the Treasury ('the Treasury rate').

5.2 Interest will be payable on the 5th day of each month. The Director of Savings may defer payments of accrued interest otherwise due in respect of a Bond within the period of six weeks following the date of purchase until the next interest date following the end of that period.

5.3 If on repayment the Bond has, by reason of paragraph 6.1, earned less interest than the total already paid in respect of the Bond under paragraph 5.2 the balance will be deducted from the sum to be repaid. Any interest earned on the Bond and not already paid before repayment will be added to the sum to be repaid. If, in the case of repayment under paragraph 6.2, it is not reasonably practicable to stop an interest payment from being made for the

repayment date the amount of that interest payment will be deducted from the sum to be repaid.

5.4 The Treasury may from time to time vary the Treasury rate upon giving six weeks' notice.

5.5 The Treasury may from time to time vary the intervals at and dates on which interest is payable, upon giving notice, and in so doing may specify holding limits above or below which any variation will apply. No variation will apply to a Bond issued before the variation unless the Bondholder agrees to such application.

5.6 Interest on a Bond registered in the sole name of a minor under seven years of age will normally be paid into a National Savings Bank account in the name of the minor.

5.7 Interest on a Bond will be paid without deduction of Income Tax, but it is subject to Income Tax and must be included in any return of income made to the Inland Revenue.

REPAYMENT

6.1 A Bondholder may obtain repayment of a Bond at par before redemption upon giving either three or six calendar months' notice. The amount of interest earned by the Bond from the date of purchase until repayment will be determined by the period of notice given by the Bondholder and by whether or not repayment takes place before the first anniversary of purchase.

	3 months' notice of repayment	6 months' notice of repayment
Repayment before the first anniversary of purchase	No interest in respect of any period	Interest at half the Treasury rate from the date of purchase to the date of repayment
Repayment on or after the first anniversary of purchase	Interest at the Treasury rate from the date of purchase to the date of repayment	Interest at the Treasury rate from the date of purchase to the date of repayment

6.2 Where an application for repayment of a Bond is made after the death of the sole or sole surviving registered holder no fixed period of notice is required and the Bond will earn interest at the Treasury rate from the date of purchase up to the date of repayment, whether or not repayment occurs before the first anniversary of the purchase.

6.3 Any application for repayment of a Bond must be made in writing to the Bonds and Stock Office, Blackpool and accom-

panied by the investment certificate. The period of notice given by the Bondholder will be calculated from the date on which the application is received in the Bonds and Stock Office.

6.4 Application may be made for repayment of part of a Bond in an amount of £1,000 or a multiple of that sum provided that the holding of Bonds remaining after the part repayment will still fall within the minimum holding limit imposed by paragraph 4.1 as varied from time to time under paragraph 4.2. The preceding sub-paragraphs will apply to the part repaid as to a whole Bond; the remaining balance will have the same date of purchase and the same interest dates as were applicable to the original Bond immediately prior to repayment.

PAYMENTS

7. Interest will be payable direct to a National Savings Bank or other bank account or by crossed warrant sent by post. Capital will be repayable direct to a National Savings Bank account or by crossed warrant sent by post.

MINORS

8. A Bond held by a minor under the age of seven years, either solely or jointly with any other person, will not be repayable, except with the consent of the Director of Savings.

TRANSFER

9. Bonds will not be transferable except with the consent of the Director of Savings. Transfer of a Bond or part of a Bond will only be allowed in an amount of £1,000 or multiple of that sum and will not be allowed if the holding of the transferor or transferee would thereby be outside the holding limits imposed by paragraph 4.1 as varied from time to time under paragraph 4.2. The Director of Savings will normally give consent in the case of, for example, devolution of Bonds on the death of a holder but not to any proposed transfer which is by way of sale or for any consideration.

NOTICE

10. The Treasury will give any notice required under paragraph 4.2, 5.4, 5.5 or 11 of the prospectus in the London, Edinburgh and Belfast Gazettes or in any other manner which they think fit. If notice is given otherwise than in the Gazettes it will be as soon as is reasonably possible thereafter to be recorded in them.

GUARANTEED LIFE OF BONDS

11. Each Bond may be held for a guaranteed initial period of 10 years from the first interest date after the date of purchase. Thereafter, interest will continue to be payable under the terms of the prospectus until the redemption of the Bond. The Bond will be redeemed at par either at the end of the guaranteed initial period or on any interest date thereafter in either case upon the giving of six months' notice by the Treasury. The Director of Savings will write to the Bondholder before redemption, at the last recorded address for his Bondholding, informing him of the date of redemption notified by the Treasury.

APPLICATION FOR NATIONAL SAVINGS INCOME BOND

To the Controller, NSIB, Bonds and Stock Office, Blackpool, Lancs FY3 9YP.

1. I/We accept the terms of the Prospectus and apply for a Bond to the value of: £ ,000 Initial minimum of £5,000 and multiples of £1,000 to a maximum of £200,000

2. Surname(s) Full Christian name(s) or forename(s) Mr/Mrs/Miss

Address
(including postcode)

Name of Trust (if applicable) Date of Birth Day Month Year

3. NAME AND ADDRESS FOR DESPATCH OF INVESTMENT CERTIFICATE (if different from above):
Name
Address

4. DIVIDENDS TO BE PAID BY CREDIT TO:- (if not to a National Savings Bank, or other bank account, enter name and address to which dividend warrants should be sent)
Bank
Address
A/c Name(s) A/c No

FT 1

5. Signature(s) Date 19

EUROPE'S AIRLINE INDUSTRY

Balance sheets are riding on the new 757

By Michael Donne, Aerospace Correspondent

THIS SPRING and early summer, the battle for air traffic in the skies over Western Europe will take a new turn, as several major airlines introduce new types of jet airliners designed substantially to cut their flying costs and improve profitability.

British Airways starts the new trend when it puts into service on February 9 (on the London-Belfast Shuttle route) the first of its new 5400m fleet of 17 Rolls-Royce-powered Boeing 757 twin-engine 189-seater narrow-bodied jets. Thereafter, it will spread the 757s around its domestic and international network as the deliveries of the new aircraft build up during the summer.

Soon afterwards, starting in March, Monarch, the UK independent airline, takes delivery of the first of three 757s (the others come in April and May), putting it into service on package tour holiday flights to Europe. Air Europe, another major UK independent, gets the first of two 757s in May, and will lease another from BA, so that it will have two flying this summer. Its own second jet comes later, when it will return the leased 757 to BA.

The competition will come from European airlines—initially Lufthansa and Swissair, both of whom this spring will be taking delivery of the first of large fleets of Airbus A-310 wide-bodied twin-engine jets, which are larger than the 757 and seat up to 212 passen-

gers each. Those two airlines will be followed with the A-310 by Air France and others, in 1983 and 1984, including Austrian Airlines, British Caledonian Airways, Cyprus Airways, and KLM and Martinair of Holland, and Sabena of Belgium.

Although the 757 and the A-310 are of different sizes, and are not primarily designed to be competitive (the A-310's closest competitor is the semi-wide-bodied Boeing 767), they will nevertheless be doing much the same job. They will

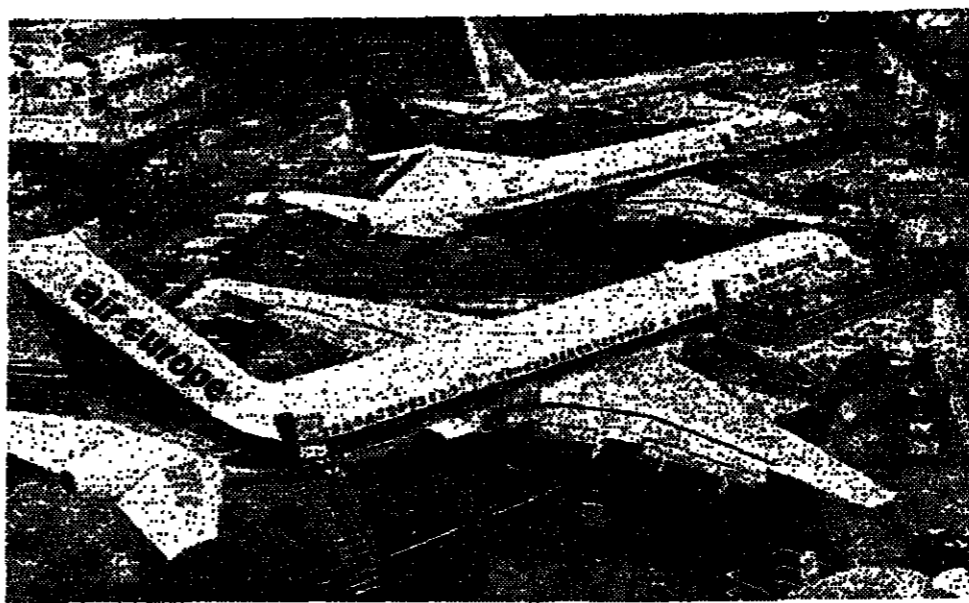
recession. British Airways in particular has been badly hit, with a \$545m deficit (including some once-for-all items) in the 1980-81 financial year. The benefits of the new jets, apart from the improvements in passenger comfort they will offer (such as more leg room), are basically savings in fuel consumption of up to 40 per cent over the aircraft they will be replacing, together with significant savings in reduced maintenance costs. New aircraft by themselves do not neces-

fuel, against \$353 for the smaller Boeing 727-200. Eastern also reports that the 757, with its two Rolls-Royce RB-211-535C engines, went into service virtually trouble-free, with only five minor departure delays due to mechanical reasons in 90 flights between January 1 and 17. Passenger loads, despite bad weather in some points, have been heavy.

British Airways is encouraged by this record. It needs the 757 badly, not only as a weapon in its fight back to profitability, but also because a substantial part of its existing short-haul jet fleet, mainly the 25 Trident Three and 21 Super One Elefens, are ageing and are also becoming increasingly expensive to fly in terms of spares and fuel consumption.

They are also becoming progressively unacceptable in terms of noise. New noise legislation, to become effective in the UK on January 1 1986 (and throughout the EEC from 1988) will virtually render the Trident Three unacceptable overnight from December 31 1985, although the Super One Elefens can be "hush-kitted" to overcome that problem.

British Airways knew this would happen several years ago, when it placed its 5400m order for the 757s. Originally, it ordered 19, with another 21 on option, but subsequent adjustments have reduced this fleet to 17 firm and 18 on option. Two of the 757s originally destined for BA are going to Air Europe in a \$40m deal that will enable that independent airline to get



Boeing 757s for three British customers on the production line at Renton, near Seattle

into the sky with the new jets earlier than it might otherwise have done, while giving BA a welcome cash boost.

Mr Roy Watts, the deputy chairman of British Airways, commenting on the purchase of the 757, says that its advent was at one time regarded as a controversial decision—and that the airline was told by many that it ought to have ordered the A-310 instead simply because British Aerospace, the UK aircraft manufacturer, had taken a stake of 20 per cent in Airbus Industrie of Europe.

"When we announced our order, in August, 1978, we were widely accused of having bought the wrong aircraft," he says. "We were told that apart from Eastern and ourselves, no other airline would ever buy it. It would have no passenger appeal. It was even maintained at one time that Boeing would drop the whole project. None of these things have happened. The 757 has been built, and it is on schedule."

Now, eight airlines have bought a total of 123 aircraft, and Boeing itself is looking to

the early months of operational service to prove to other airlines who are sitting on the fence that the 757 is a money-spinner. Boeing believes that the 757 will eventually come to rival the 727, its predecessor, in successful sales. The 727 orders to date have amounted to more than 1,800 aircraft, and Boeing remains confident that the 757 will beat that by the end of this century.

If British Airways can match Eastern's initial performance—and since its 757s are virtually identical to those of Eastern, there is no logical reason why it should not—the airline ought to be able to make money with the new jet, especially since it has pruned its overhead costs substantially in recent years by cutting its labour force from 26,000 in 1979 to 22,000 early this year and will get that figure down to 20,000 by this spring.

Already, without the benefit of the 757 and still depending on the ageing, fuel-inefficient Trident Three and One Elefens, BA has managed to turn its 1980-81 deficit of \$545m into a six months' profit of

\$80m in April-September 1982. The 757 will arrive too late to help offset any BA winter losses, but it is clear that the airline is hoping for great things from the new jet this summer.

BA's operational plan for the 757 is initially for Shuttle flights to Belfast on February 9, followed by flights to Glasgow and Edinburgh from March 16 and then progressively on Continental routes from Rome, Paris, Milan, Copenhagen and Malta and other European cities. BA will have four 757s by early summer, but by the end of the year it should have eight in the fleet. Four more will be delivered in 1984 and the remaining five in 1985.

The option on the other 18 jets can be exercised any time up to late 1984, but BA has so far taken no decisions and will want to assess the aircraft in service before committing itself.

BA sees the 757 fitting neatly into a slot between the existing Trident fleet of 300-seater tri-jets, and the smaller Boeing 737s. By initially using the

aircraft on the domestic Shuttle routes, BA will obviate the need for "back-up" flights if passenger loads are high. The Trident Three currently used on the Shuttles, with 160 seats each, are now too small, and BA estimates that even if the 757 eliminates only one back-up Shuttle flight a day, it will save over \$1m a year in back-up flying costs.

Although initially the 757 will be used in its 189-seat configuration on the Shuttles, eventually, when BA has taken delivery of enough aircraft, it will introduce a "dedicated" three-class Shuttle fleet of five or six 757s, each having 220 seats and no galleys.

Mr Watts says that in the 757s BA will enjoy a reduction in seat-mile costs of over 15 per cent, even allowing for depreciation and interest charges on loans, compared with the Trident Three. It will replace

Mr Watts also has a sharp response to criticism that on European international routes, the narrow-bodied 757 may lose out to competition from the wide-bodied Airbus A-310 in the fleets of its rivals. "While we are the first to recognise the attractiveness of the wide-bodied types," he says, "we believe that in practice the most important factor to the customer is convenience, by which I mean frequent, regular services at tight departure times and so on. These are things the 757s will deliver. Fuselage width may have a bearing, say on a seven or eight-hour Atlantic crossing, but the average British Airways 757 customer is going to be airborne for something like 65 minutes. On journeys of that length, there is no evidence that fuselage width is a deciding factor."

"On all counts—size, passenger appeal, reliability and economy—we believe that the 757 is going to fit very closely indeed into the pattern of European air travel, and of British domestic air travel, as we see it emerging over the next decade. We believe that the 757 is the right aircraft for British Airways not only for the next few years, but for many years to come."

APPOINTMENTS

Finance director at Cluff Oil

Mr A. R. Roswick has been appointed finance director of CLUFF OIL in succession to Mr W. L. McLaughlin, who has assumed responsibility for corporate planning.

ADAMEL has appointed as general manager Mr Bob Blackmore who first joined the company in 1958. He was director of manufacturing.

Mr S. R. Harrop has been appointed managing director of STEWART WRIGHTSON (NORTH AMERICA).

J. W. SPEAR AND SONS has appointed Mr David F. K. Smith as marketing director.

Two appointments have been made within EATON'S operational, manufacturing and marketing resources divisions in the UK: Mr Brian J. Harris, divisional manager for all UK manufacturing and marketing operations, has been appointed director of operations for Eaton Materials Handling Europe. In addition to his responsibilities as managing director for the Wednesfield plant, Mr Harris will be responsible for the operation of the Eaton materials handling plant at Velbert, West Germany. The engineering manager, Mr John Tennant, has had his responsibilities extended to deputy managing director for the Wednesfield operation.

JOHN DAVIES INTERIORS has appointed Mr Douglas Hope to the board.

Mr Ian Williamson has been appointed managing director of SELF CHANGING GEAR, Leyland Group company that specialises in the production of road, rail, and marine transmissions for both military and commercial applications. Mr Williamson was chief engineer, advanced technology.

Mr Matthew Fort, Mr Derek Moore and Mr Ian Parker have been appointed associate directors of CHARLES BARKER PLC, the corporate and financial advertising company within the Charles Barker Group.

CAR CARE PLAN (HOLDINGS) board has been reconstituted and four new directors appointed, following the takeover by Provident Financial Group.

Chairman of the new board is Mr B. Peter Ross, financial director of Provident, while Mr Alan Longmate, former sole shareholder, remains as managing director. Mrs Wendy Longmate and Mr Stephen Leybourne continue as directors. Two new

directors join the board from Car Care Plan (Securities Division), the operating company: Mr George Waterman, becomes sales director with special responsibility for Scotland. Mr Michael Partridge is appointed sales director with special responsibility for vehicle manufacturers and large motor trade groups. Mr Brian Shillito, group chief accountant of Provident, becomes a director of Car Care Plan (Holdings).

Mr Terence J. Webb has been appointed general manager of the PROPERTY OWNERS BUILDING SOCIETY from March 1. He was general manager (director) with the Burnley Building Society.

Mr Barrie Sherman has joined the staff of the HENLEY CENTRE FOR FORECASTING as an associate director. He was research director at the Association of Scientific Technical and Managerial Staffs.

MACKINTOSH INTERNATIONAL has appointed Mr G. M. W. Gordon as group managing director responsible for the company's worldwide operations. Mr Gordon joins Mackintosh from the U.S. biomedical company, American Monitor International, where he was managing director, responsible for the establishment of the European subsidiary in Belfast and marketing offices in London, Bonn and Paris.

Mr John Parkin, managing director of English and Caledonian Investments, has joined SYMMINGTON & PARTNERS as a non-executive director and chairman.

Mr John Shelton has joined the board of HAISTE AUTOMATION, computer service subsidiary of consulting engineers Haiste International, as managing director.

Ms Lesley Fletcher has been appointed marketing director of the office planning and design division of FITCH AND COMPANY. She worked for Herman Miller as manager of its international business group, based in the UK.

SELECTIVE PAPER GROUP has appointed Mr Matthew Sharp as works director.

SULZER BROS (UK) heating and air conditioning division has been restructured as follows: Mr E. J. Bearick chairman, Mr G. K. Balsew chief executive, Mr J. E. Fretwell sales director,

Mr L. Brown northern region director, Mr D. Clark southern region director and Mr K. Matt commercial director.

Mr Jeffrey Turner has been appointed chief executive of CLARKSON INTERNATIONAL TOOLS. Mr Turner joins THORN EMI from Flather Bright Steels, of Sheffield, where he was managing director.

NORWICH BUILDING SOCIETY has appointed Mr R. J. Parkhouse assistant general manager (finance) and Mr A. J. P. Catt, secretary. The society is now managed by a three-man executive, headed by Mr Neil Colvin, the general manager and chief executive.

Mr Bill Oakley has been appointed to the board of WILLIAM WHITTINGHAM (HOLDINGS). He is managing director of Whittingham Construction, contracting division of the group.

Mr Stephen Goodrich has joined the board of SPECTRON OPTICAL HOLDINGS as a representative of London Trust.

THE POST OFFICE has appointed Mr Charles Read as its first director of information technology from February 1. Mr Read is a member of the Information Technology Advisory Panel which advises Ministers on IT policy. He chaired the working group which reported to the Prime Minister in March 1982 on Cable TV and related systems.

EUROPEAN PROPERTY INVESTMENT COMPANY N.V. established in Amsterdam

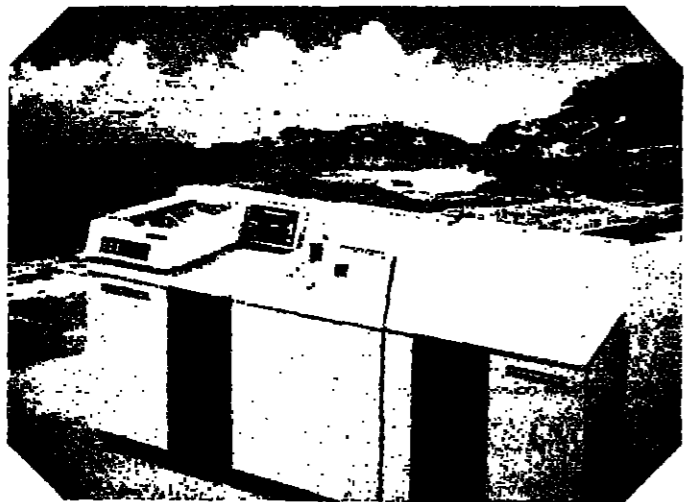
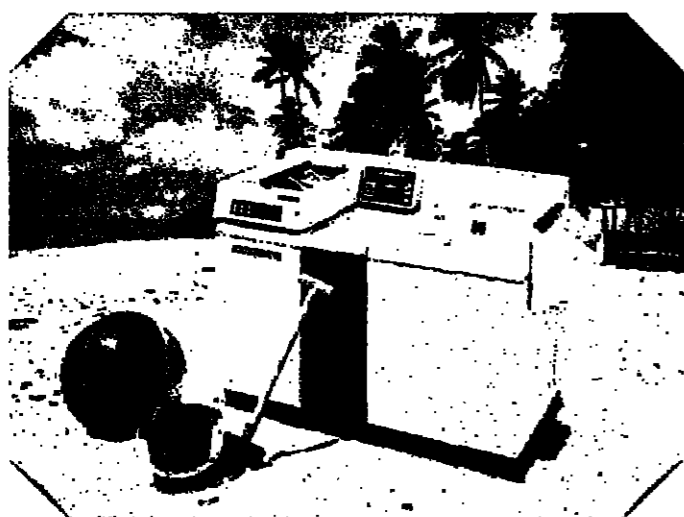
Notice for the general annual meeting of shareholders, to be held on Monday, February 14, 1983, 15.00 hrs in Rotterdam, Heer Bokelweg 133. Shareholders may inspect the agenda at the above address. Copies of the agenda with annexes thereto are at this address available for shareholders free of charge. A proposal to amend the articles of association will be made to the meeting. Shareholders who wish to attend this meeting should lodge their shares not later than Friday, February 11, 1983, with N.V. 'Gravenhaagse Kantoor Muijs & Co. in The Hague.

THE BOARD OF MANAGING DIRECTORS Rotterdam, January 19, 1983.

PUBLISHERS WANTED JAPAN

For technical and financial publications, publishers in Japan on key aspects of Japanese industry, technology, investment, for English language international publications, publishers with knowledge of specialist press, news, writers, are asked to contact us in Tokyo direct.

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السنة الأولى

THE ARTS

Hyland & Friend/Purcell Room

Andrew Clements

Everyone has their own idea of musical purgatory. Mine was approached in half of Jane Hyland and Lionel Friend's recital of British music for cello and piano in the Purcell Room on Sunday evening. But the interminable stodge of sonatas by Hurlstone and Delius, as well as the positively emetic quality of Cyril Scott's *Ballade* were relieved both by Britten's astringent cello sonata Op. 65 and two deeply impressive pieces by contemporary composers.

Nigel Osborne's *Remembering* was written in 1974, but it remains one of its composer's most powerful and affecting works, a memorial to the Russian rural poet, quondam husband of Isadora Duncan, who committed suicide in 1925. It is effective because its structure is uncomplicated and its sound world is entirely consistent: the fading, rocking cello is as memorable an image as anything Osborne has composed. In the context of this programme its economy was emphasised more than usual, as was the sureness and certainty of John Markwell's *Disconsolate Chimera*, which was com-

missioned by Jane Hyland and Lionel Friend for this recital.

Rhy's takes his title from a line in the first of Eliot's *Four Quartets*: "The loud lament of the disconsolate chimera." The piece is a quarter-hour, austere piano punctuations to expressively charged cello lines, occasional flourishes of decoration, against which the cello plays isolated notes. The moderate progress of the work seems entirely inevitable, the climax, when it arrives in an impassioned cello cantilena, beautifully discharged into chiming piano refrains.

Miss Hyland is a player whose approach and tone are more suited to piffy, apologetic music than to the rambling, self-indulgent that occupied too much of her programme.

Britten's sonata, exclusively drawn by both players, made an impressive finale and both Osborne and Rhy's works had much commitment and accuracy. Some saturation problems cropped up in the modulations of the Delius sonata; when it really mattered elsewhere, though, every note was firm and true.

Haitink & Barenboim/Festival Hall

Max Loppert

Sunday's London Philharmonic Orchestra concert was most enjoyable, and the suspicion left in passing that the orchestra under Bernard Haitink's guest conductorship is not the instrument it was when not so long ago he had principal charge.

In the opening work, Bizet's *Symphony in C*, the outmost movements were both heavy and untidy; violins made a spirited but spindly attack upon those racy groups of dissonances rather than taking them in confident union. An orchestra of this size is really too large for a work that summons so fresh and elegantly French a response to the classical symphonic tradition. And, in truth, Haitink's grip on the work was itself a touch tight.

The toughness and commonsensical approach, crossed with genuinely recreative imagination, that are the special qualities of Haitink's musicianship at its best worked magic out of material that to less receptive hands has often proved elusive. Debussy's *Jezus*. Again, one could not be measured by past LPO standards and by those of a Concertgebouw *Jezus* conducted by Haitink, and broadcast

the other day) Sunday's tracery of those wistful violin tremolos, those Liqueur swirls of chords was apt to go patchy. But because the conductor has penetrated the secret of the music, dividing the dramatic intention behind every little phrase, some saturation problems moved with a wonderfully stirring stride, at once strong and seductive.

If Debussy is a composer over whom Haitink has exerted an ever-growing mastery, Brahms was always his natural province. The orchestral opening of the Brahms D Minor Concerto was powerfully hewn, in craggy yet finely shaded sentences, a perfect introduction to Daniel Barenboim's reflective first statements. Except at the highest moments of double-octave pounding, sketchedly traversed, Barenboim gave a commanding account of his still considerable pianistic powers. Both the luminous bell-tones and the ability to size up the full weight of the music seemed untarnished; but what emerged most impressively was an increase in understanding of its quiet in-drawn solemnity. This was the work of a mature artist.

Hallé/Free Trade Hall

Arthur Jacobs

"Balance the unfamiliar with the familiar": It is a maxim which management do not always find easy to apply, but on Sunday it succeeded in bringing a full audience to hear William Mathias's *This World's Joy*, a 60-minute cantata for Old English texts, set to music by the Hallé. Coupled with it was Holst's *The Planets*, to which the Hallé Orchestra and James Loughran may claim a special attachment. Their recording of it has sold more than 200,000 copies in the UK alone, a prodigious total for a classical record.

On this occasion *The Planets* were displayed firmly by their emotional orbis. Uranus, particularly fine. Mr Loughran brought similar authority to Mathias's cantata, in which the Hallé Choir (conducted, but not existing, by the choir) was the lively, clear-voiced boys from Manchester Grammar School and by the soprano, tenor and baritone soloists who participated in the first performance of the work nine years ago. Janet Price sang delightfully and Michael Rippon communicated in his usual

forthright style, but Kenneth Bownton's tones were neither homely nor firm enough.

What an odd piece it is! In music, as in painting, many a reputable work has shown a debt to a work of someone else's and has been no worse for that. But *This World's Joy* is not only obviously based on the music of Holst's *The Planets*, but also on the *Spring Symphony*—which is likewise a compilation of poetry on a seasonal theme, in four movements, for boys and adult choir and three soloists—but is written in a kind of diluted Britten style, and audacity now replaced with mannerisms of which the ostinato and other forms of repetition are the most worrying.

Here, indeed, appears a perfect example of the music is sometimes criticised for over-indulgence in ostinato, but *The Planets*, on no matter how many re-hearings, sounds evergreen, a mastery of invention. Mathias's piece was, I have to say, born stale. The "familiar" and "unfamiliar" components of this programme were, on a deeper level, reversed.

Flanagan and Nash—Whitechapel/Third Eye, Glasgow

In pursuit of nature

William Packer



Barry Flanagan with his hare sculpture "The Boxing Ones"

The point is made more forcibly by the coincidence of another sculptor's retrospective, though one that covers some 15 years. David Nash is rather younger than Flanagan, but of the same effective generation and, though not of St Martin's, he has shared many of those preoccupations with nature and immediate material, the direct intervention in the land, the qualities of wood in their endless variety: formal, poetic, practical, organic, imaginative. As he has come to allow the material, live or dead, to lead and fire his imagination, so he has moved away from an academic modernism into something altogether more personal. His method is disarmingly direct and practical and deceivingly improvisatory, the limitations of new, unseasoned or fallen timber gleefully accepted and exploited. Fine joinery is

requiring any particular exposition.

His show "Sixty Seasons," now at the Third Eye Centre in Glasgow (until February 12, then to Edinburgh, Llandudno, Swansea and Stoke-on-Trent) covers his work from the time of his move to Blaenau Ffestiniog, which remains his home, to the present; and it traces his increasing absorption in the qualities of wood in their endless variety: formal, poetic, practical, organic, imaginative. As he has come to allow the material, live or dead, to lead and fire his imagination, so he has moved away from an academic modernism into something altogether more personal. His method is disarmingly direct and practical and deceivingly improvisatory, the limitations of new, unseasoned or fallen timber gleefully accepted and exploited. Fine joinery is

not the point: a box is knocked and pinned together in the full knowledge that as the wood warms and shrinks so it must at last crack and burst. Its members planed selectively, a branch springing from its side perhaps, Daphne's furniture caught in mid change his table state across the forest floor, its frames hand in mid-air, its tripods twist and lean together. Seeds are planted in formation and so the saplings spring up to be trained and spliced, struts, braced, it is a programme that may take 30 years to reach its final state: an ash tree dome perhaps, or a living willow ladder.

And if other natural opportunities present themselves and fire and water propose themselves as the active agents in the work, leading him to investigate the strange properties of a snow stove, for example, compared to one built of peat, soon he must be back with wood and fire, charring, scraping and cutting away at that, or dropping his wooden boulders or tree trunk tunnels in the river to see what may become of them.

In connection with the show of British Art in Tokyo last spring, the British Council found a fallen tree for him to work with half-way up a mountain at Kotoku in Japan. Without any artificial aid, he would have been a kind of home-coming for him, for with all the barriers of language and culture notwithstanding, he enjoyed an instinctive sympathy and working understanding with the woodmen who were assigned to help him. They could see just what he was about with his arches, staves, boxes, tunnels, it would be said if anyone who comes upon these seductive and accessible objects here should put up any unnecessary barrier to himself. These are strange things, which is part of their power and charm, but they are hardly difficult, given that initial sympathy.

Turning point on Broadway

Broadway's highest prospect for the New Year appears to be the outer space structure rising from a hole where three theatres used to stand. The futuristic building is to be a new hotel—a development that was welcomed, as long as Broadway prospectors, still, is vilified by actors and writers who, as Broadway falters, see the hotel as a symbol of the encroachment of commerce on the arts.

1982 proved to be the turning point when the only hit would be the blockbusters guaranteed a long run through any economic vicissitudes; but the theatre community was not shocked into a rash reaction—like lowering ticket prices. At year end 15 of Broadway's 39 theatres were dark, and 11 more under threat. Openings just fell off abruptly, with only two plays scheduled for November, usually the height of the autumn season.

Instead, plays clustered round Christmas to attract the crowds that already make December 24 the biggest single day for film attendance in America. The large number of openings rivals early May, when plays arrive for last-minute Tony Award eligibility.

One good musical to open this year before May, the revival of Neil Simon's *Little Me*, did not last long enough to get serious

author, Harvey Fierstein. Though not the traditional subject matter for Broadway, the play is a remnant of the once hallowed progression of plays from off-off to off- and then to Broadway, this one having begun as three distinct one-acts premiered at La Mama.

If Broadway no longer looks for regeneration from its downtown offspring, off-Broadway itself has less to offer. The established off-Broadway companies seem to be trying to protect their futures by settling into one kind of play

company's play titles have even become indistinguishable. LaMama's *Life of a Woman*, soon followed by Michael Cristofer's equally mundane disquisition on the Nazi era, *Black Angel*. The Manhattan Theatre Club opened the year with a fascinating production of Howard Barker's *No End of Blame*, the thoughtful rise to acclaim as a London canonist, starring Michael Cristofer, whose writing has boosted his more deserving acting career. MIC

pregnancy, the difficulty of finding a New York and other minutiae portrayed by the lively duo of Bernadette Peters and Christine Baranski. After an expensive disaster with an adventurous and underappreciated musical about Germany in the First World War, *Des McAnuff's The Death of Richthofen* as *Witnessed from Earth*, the Public Theatre started importing productions from England, with David Hare's *Plenty* followed at the end of the year by Caryl Churchill's Royal Court production of *Top Girls*.

Plenty moved on to Broadway with Kate Nelligan retaining her starring role surrounded by an American supporting cast led by Edward Herrmann as her diplomat husband.

Top Girls will have a limited run as part of an exchange programme that should see Public Theatre productions go to the Royal Court.

The summer's two outdoor productions confirmed the public's mastery of its beautiful Central Park setting with James Lapine's *A Midsummer Night's Dream* played against the storybook lakeside stage, while Richard Foreman's version of Moliere's *Don Juan* blocked off the natural scenery to concentrate attention on the flamboyant costumes and outrageous

cavorting of a courtly merry men.

Theatre Row on West 42nd Street added the Manhattan Punchline's repertoire of comedy revivals, the latest being George S. Kaufman's 1925 behind-scenes farce, *The Butter and Egg Man*, to what has become a showcase for the successful playwrights' horizons. Having brought Christopher Durang's funny *Sister Mary Ignatius Explains It For You All* from the Ensemble Studio Theatre, it originated Gertrude Jontson Reynolds' well-plotted farce of California types shooting a film in the Philippines, and then spun it off to a new fixture on 42nd, the Douglas Fairbanks Theatre.

Independent off-Broadway productions included the camp hit of the season, Alan Menken and Howard Ashman's musical rendition of Roger Corman's E-film, *The Little Shop of Horrors*, David Mamet's effort to dissect middle-class murder in *Edmund*, exploitation of a dead hero in the clone-rock musical *Leanna*, and a menacing version of Sam Shepard's *True West*.

The end of the year was joined by the compelling drama, *Extremities*, William Mastrosimone's frighteningly realistic account of a multiple rapist's encounter with three potential victims.

Frank Lipsius reviews a year which left 15 of Broadway's 39 theatres dark, and 11 more under threat.

that can be milked in various guises. Cautious lessons were undoubtedly learned from the fate of the Phoenix Theatre, which started the season healthily enough in a new house at the Clarendon Centre, and died there by year-end after 30 years of encouraging young playwrights on both sides of the Atlantic.

Circle Rep has acquired an unfortunate taste for the big questions, issues that can be writ so large they are more brand names than ideas. The

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Circle Rep has acquired an unfortunate taste for the big questions, issues that can be writ so large they are more brand names than ideas. The

Arts Guide

Opera and Ballet

LONDON

Royal Opera, Covent Garden: The repertoire consists of *Semsem* at Delia (Jon Vickers and Shirley Verret) returning to the magically beautiful Sydney Nolan sets of last season's new production and *Der Rosenkavalier* with the well-rounded Marshall and Octavian of Gwyneth Jones and Yvonne Minton joined by Yvonne Kenny's first Covent Garden Sophie. George Prete is the Saint Sings conductor and Andrew Davis the Strauss.

Sadler's Wells Theatre: The New Sadler's Wells Opera inaugurates its first season as resident opera company of the house with new productions of *Lehar's The Count of Luxembourg* and *The Mikado*.

English National Opera, Coliseum: A long-awaited new production of *Tchaikovsky's Queen of Spades* by David Pountney shows off the principal trio of Graham Clark, Marie Storch and Sarah Walker as well as conductor Mark Elder. Further performances of the company's impressive *Otello* and rather more ordinary *Comedie d'Opera* and *Juliet and La Boheme*.

PARIS

La Boheme conducted by Alain Lombard, produced by Gian-Carlo Menotti with Leona Mitchell and Renee Garsin alternating as Mimì with Pave Robinson in the role of Musette. Paris Opera (7426756)

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

WEST GERMANY

Berlin, Deutsche Oper: *Ariadne auf Naxos* produced by Rudolf Balser brings together Janis Martin and Gerd Bruns. *Die Fledermaus* has the interpretations by Garry McDaniell and Gert Zimmer. *Madame Butterfly*, conducted by Janos Kulka, has an all-Berlin cast. *Der Widerspitz* with Barbara Schenk in the main parts rounds off the programme.

Hamburg, Staatsoper: This week's highlight is *Otello* with Franco Donatoni in the title role. *Peter Capet* in the part of Iago and Eva Marton as Desdemona. *Die Zauberflöte* features Harald Stamm and Elise

Holbach as Queen of the Night. *Der Troubadour* has Jelena Obravac as Azucena. (351151)

Cologne Opera: *Der Freischütz* benefits from a fine performance of Siegmund and Sieglinde as Max Hoffmann. *Die Fledermaus* has Edda Moser as Olympia. *Die Heinnliche Ehe* conducted by Arnold Oestmann has Georgine Beck and Claudio Nanni. (50741)

Frankfurt Opera: *Die Hochzeit des Figaro* with Judith Beckmann and Barry McDaniel in a dramatic and well-paced performance. *Parafal*, produced by Ruth Berghaus, is one of the most spectacular of current Wagner productions with Walther Wagner in the title role. (25821)

Stuttgart, Württembergische Staatstheater: premiere this week of a new production of *Der Troubadour* by John Dew, conducted by Lamberto Gardelli with Eva Randova as Azucena and Juan Lloveras as Manrico. *Der Freischütz* has Christina Lippman as Eva and Manfred Jung. *Die Lustigen Weiber von Windsor* with Sylvia Geisler is a fresh and delightful revival. *Hänsel und Gretel* completes the programme. (24321)

Berlin Opera World premiere of Turgenev, to music by Wolfgang Rihm, a young German composer. Choreographed by Moses Pendleton, one of the leading dancers (Wed).

ITALY

Rome, Opera House (463641): *Idomeneo* conducted by Peter Maag (Wed).

Milan, La Scala (808120): World premiere of *Leib und Leid* choreographed by Mahler by Joseph Russett.

Florence, Teatro Comunale (282841): The Nutcracker with Elisabeth Terabust.

Florence, Teatro Comunale (282841): *Faust* in a production of the Los Angeles Philharmonic Association and the Royal Opera House, Covent Garden (Thurs).

VIENNA

Staatoper (5334/3835): *Der Liebestrank*, Don Pasquale, *La Cenerentola*, *La Traviata*, *La Nozze del Figaro*. (5334/3835). *Die Feenkönigin*, *Kiss Me Kate*, *Casparone*, *Die Lustige Witwe*, *Der Vogelhändler*.

NEW YORK

Metropolitan Opera (Opera House): *La Boheme* First seasonal performance of *La Boheme* conducted by James Levine and staged by Franco Zeffirelli joins previous performances of Adriana Lecocquer, Les Contes d'Hoffmann, Boris Godunov and the last performance of *Pelléas et Mélisande*. (581933)

New York City Ballet (New York State Theatre, Lincoln Center): The mixed repertoire includes works by Jerome Robbins, Peter Martins and company head George Balanchine. (476337)

WASHINGTON

Washington Opera (Terrace Theatre, Kennedy Center): Andrew Porter's new translation of *The Abduction from the Seraglio* and evening of *Tril by Jory*, with the D'Oyly Carte's John Reed as the judge, and M Choudhury. (254371)

F.T. CROSSWORD PUZZLE NO. 5,080

January 21-27

ACROSS

1 Solitary Scotsman with wine around (8)

5 Modern humour meets with success (4, 2)

9 Memo about protocol — hardly my cup of tea (3, 3, 2)

10 Terrorist — one from South Africa surrounds the doctor (6)

11 Wet, and angry about the trick (8)

12 "The royal — and all quality" (Othello) (6)

14 The test for one who drinks and drives is really in the country (5, 5)

18 A solitary star could make Bogart rage (5, 5)

22 Ruler receives a blow after a day (6)

23 A happening in the Yard upsetting ten (8)

24 Perception — that's the last word to use about the trouble (6)

25 A good mixer, but a trouble maker (8)

26 Not the type of howling that wins Test matches (3, 3)

27 A bad cold makes you flag (8)

DOWN

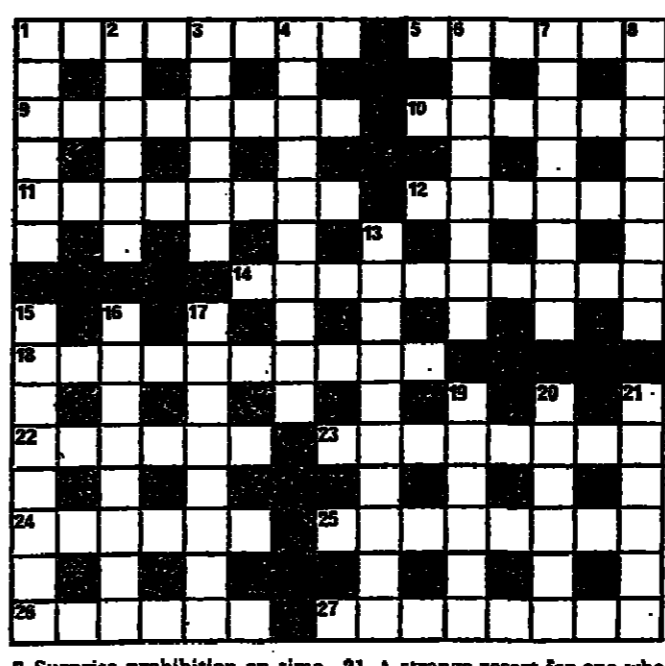
1 People bathe in the hills (6)

2 Officer with a public following (6)

3 *Parasite* thrown up in defeat (8)

4 Later Miami could be unimpaired (10)

6 "is mad" — to make the service greater than the god" (T. and C.) (8)



7 Surprise prohibition on time for West Indian dance (8)

8 True, Roy can upset the present government (4, 4)

13 A cab after dark for an absconder (3-2-5)

15 In which God was our help (4, 4)

16 A word of command suggests a change from 8 (4, 4)

17 In France Tuesday includes a hall of copper coin (8)

19 Colour sounds like a town in Oxfordshire (6)

20 People with a stomach — take it on the chin (6)

21 A strange resort for one who boards (6)

Solution to Puzzle No. 5,079

ACROSS

1 SCOTSMAN

5 HUMOUR

9 PROTOCOL

10 TERRORIST

11 WET

12 OTHELLO

14 COUNTRY

18 BOGART

22 RULER

23 YARD

24 PERCEPTION

25 MIXER

26 HOWLING

27 FLAG

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Tuesday January 25 1983

Opec again at the brink

DELEGATES of the Organisation of Petroleum Exporting Countries went into their weekend meeting in broad agreement on oil pricing strategy but in disarray on production quotas for individual countries. They emerged yesterday disagreeing strongly on both issues.

The result is that the Opec cartel is closer to disintegration than at any time since it was brought about the first oil shock in 1973, the official—increasingly misleading—reference price of \$34 a barrel seems unlikely to survive much longer and currency markets, if not as yet the oil market itself, have been subjected to yet another shock.

On the price front, the cause of the trouble appears to have been disagreement over the appropriate differentials to be charged for premium grades of crude oil produced by Nigeria, Libya and Algeria. Saudi Arabia and Kuwait argue that the current \$1.50 premium for such oil—which is somewhat national in view of the covert discounts that are now being offered to oil companies—is inadequate.

Disruptive

At the same time the delegates were unable to reach agreement on how a production ceiling of 17.5m barrels a day should be shared between member states. Such is the financial and political pressure on countries like Venezuela to keep up revenue and such is the political friction between Saudi Arabia and certain other members such as Iran, that the problems of reaching agreement here are manifest.

The outcome is non the less more disruptive than might have been expected. And there are indications that Saudi Arabia may have been forced into an exercise in brinkmanship whose consequences are difficult to predict. Sheikh Yamani, the Saudi Oil Minister, appeared after the meeting to be talking down the oil price by suggesting that the price of North Sea oil will shortly come down—which would perhaps allow the Saudis to cut their prices without excessive loss of face. The result of the meeting could, on the other hand be taken to indicate

French ambitions in electronics

"HISTORIANS WILL be surprised to see that during this period Europeans had extreme difficulty in defining themselves as European in economic matters," M Michel Jobert, the French Minister for Foreign Trade, predicted in a speech in London last week. He regretted that it had tended to be Americans who had instigated industrial investment on a European scale and he urged Europeans to assert themselves.

There can be no doubt that U.S. multi-national companies were progressive in this respect. They were able to take a more detached view of the frontiers between European countries while European managements were either inhibited or tender to shape their trans-border ventures to national ends rather than to the real demands of the market place. But M Jobert's historians might well conclude that such constraints were heightened during the early 1980s when the French Government nationalised most of its leading industrial companies and made it harder to distinguish between France's European idealism and its economic nationalism.

The proposed merger between Grundig, the West German electronics business, and Thomson-Brandt of France is a case in point. The deal seems to be in jeopardy at the moment because of West German worries about the scheme. The Germans are concerned at the thought of a French company gaining control of over half of the West German television market. They fear that Thomson will close down German manufacturing plants. They worry about loss of sub-contractors to major German components suppliers. They feel, more generally, that the electronics sector may be the Achilles heel of German industry and are reluctant to sell a flagship in the business. With a general election looming these are sentiments which even the liberal German Economics Minister must find hard to ignore.

Evidence

If the French bidder were a free economic agent it would be simple to condemn these reservations as short-sighted and as further evidence that West Germans tend to pay lip-service

Mr SPEAKER, Mr President, distinguished members of Congress, honoured guests and fellow citizens.

I come before you tonight to deliver my second State of the Union message, a constitutional duty as old as our republic itself. As usual I had my speech-writers compose an address holding out the vision of a new strong America—that last bastion of democracy in our troubled world, in which the candlelight of freedom is going out one by one.

But just now I said to myself, "This is not the way." The hallmark of this Administration is fairness and honesty, and you folks out there in Steubenville and South Succotash deserve to be told it straight, the way it really is.

I want you to know that just five minutes ago I tore up that speech and told them to disconnect the teleprompters. So here goes.

Well, the first thing I have to tell you all is that the last two years have not gone according to plan. The way I had hoped it would be by now, we would already be into our second year of sustained economic recovery. My policies would have seen that the boom and bust cycles of the past 30-odd years were replaced by steady economic growth stretching well into the future as far as the human eye could see, like the mighty plains of our great nation.

We would be enjoying a new era of prosperity, based on increased investment, lower taxes and Government spending, higher savings, full employment and growing productivity. Next year's Federal budget, which I am sending to the printers this week—a little late, owing to what some of you in the Press corps have identified as "disasters" among my principal advisers—was to have been balanced at "zero-zero," just like that arms agreement that my old friend Paul Nitze is trying to negotiate over there with the Russians.

Worldwide, America was to have gained "a new respect among nations," as I think I said in that original text I just tore up. After years of neglect, our unparalleled resources of manpower and materials, spurred by the greatest increase in defence spending in our peacetime history, were to have put America back where it belongs, Number One world military power.

Well, what do we have? We are in the rough trough of the worst recession since the great depression of the 1930s. We have recovered only a little, but we don't know how much, and I've given up believing the forecasts my advisers write down on those little cards they give me. We have the highest unemployment since World War Two, and I'm told it won't get much better even when the economy picks up. I know a lot of you are worried about this, and so am I too if it helps the Democrats in 1984.

We have the biggest budget deficits ever recorded in our nation's history, and all I can do is to try to turn the trend down a little in what we call the "out-years." If I had one of my simplified red and blue charts here I could show you how it works.

I still can't really understand what went wrong. It all seemed so simple, and I am a man who believes in simple answers to complex questions. But I never said it would be easy and they tell me now, even my good friend Paul Laxalt down there

State of the Union message

The speech Mr Reagan will not be giving...

Tonight Ronald Reagan will deliver a speech to Congress assessing the health of the U.S. two years into his presidency.

Reginald Dale, U.S. Editor, gives an alternative version

In front, that it can't go on like this. They tell me my priorities can't be reconciled—that I can't cut taxes, boost spending on our armed forces and balance the budget all at the same time. That's not what they told me two years ago when we started out.

This is the point at which I would have blamed past administrations and spendthrift Democratic congresses for all our troubles. But I admit that that line is wearing a bit thin after two years in office, so I shall spare you from it this evening.

As I have said over again, I

Our great ship may need a little touch on the rudder

have not changed my philosophy. But I'm beginning to see that our great ship of state may need a little touch on the rudder. I've told Cap Weinberger he's got to come up with some savings in the defence budget that look like real cuts but don't actually interfere with the building of a whole lot of advanced new weapons which the military wants but I know many of you out there don't think we really need.

I'll cut back more on social spending, it won't hurt the really needy.

And I'll try to think of a new word for tax increases—that phrase "revenue enhancement" is beginning to look a little jaded, and the idea of "user fees" never really caught on. One way or another,

you're going to have to give me back some of those dollars I let you have in my original tax cut.

I was going to ask you all to look on the bright side. We have, after all, brought inflation down to under 4 per cent from well over 12 per cent in 1980, and interest rates are down too. The Prime Rate is back to 11 per cent, a fall of almost a half in two years, and mortgages are down to 12 to 13 per cent.

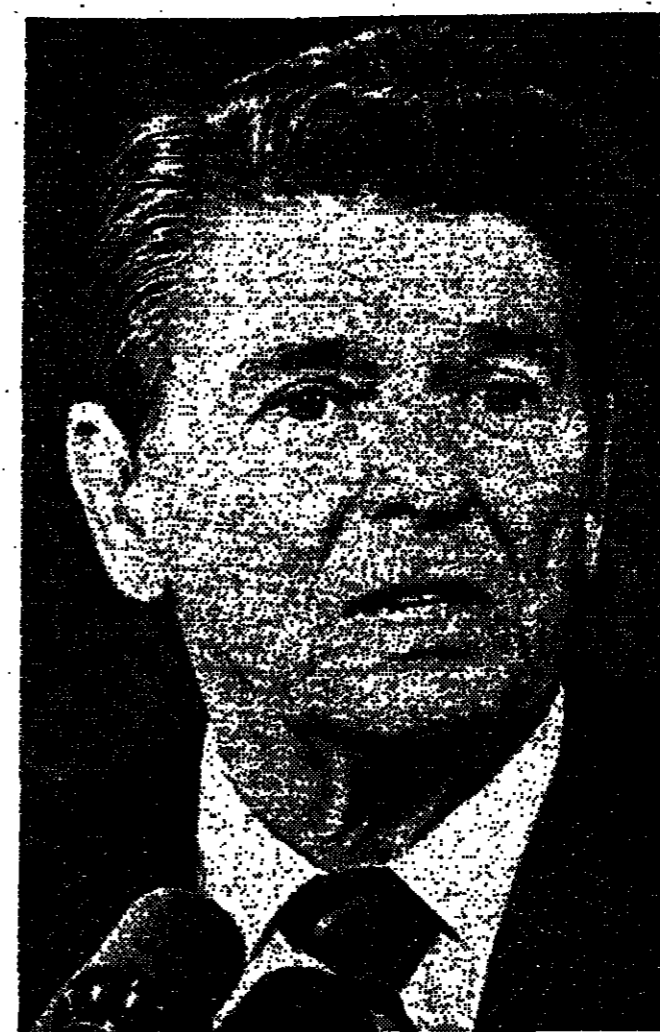
But I would not be fair with you if I didn't say that inflation has come down faster than we intended, throwing out our budget calculations and putting the squeeze on a lot of businesses that didn't expect it, that real interest rates are still pretty high if you do your sums right, and that both may go spiralling up again if and when the "Reagan recovery" gets underway.

I still can't make out whether Paul Volcker and his fellows over there at the Federal Reserve Board are going to be helpful about this—they haven't been as cooperative as they might so far—though I assume Volcker realises his job is on the line later this year.

If I have concentrated so far on the domestic picture, it is because you have the votes. But I have to admit that things have not gone too well on the international front either. It's been a bit better since I got rid of that pesky Al Haig.

I think you'll agree that fine American George Shultz is doing a better job of keeping his nose clean and getting on with the job, although there's still a long way to go.

This new fellow in the Kremlin sure looks like he hasn't been as cooperative as those trustworthy Europeans seem like they're falling for his line.



Ashley Ashwood

I have to confess I haven't yet come up with the answer. The Europeans don't seem to understand the logic of my point that you have to learn in order to disarm, particularly when it's on their own territory. But I decided only last week to step up my propaganda counter-offensive, although I prefer to call it "public relations." Perhaps if they'd understood our point of view better, there wouldn't have been so much fuss over that pipeline deal that left me looking kinda dumb last year.

Let's look at my two major foreign policy initiatives: arms control and the Middle East. Quite honestly, we just don't know whether either of them will work. We won't accept an arms control agreement like Jimmy Carter's that leaves us with anything less than "parity" with the Soviets. The problem is that both we and they think the other guy is ahead at the moment. So it may be best to wait until we're sure we've caught up—which is why I wish you folks here in Congress would not be so difficult about my MX missile. If I can't have that—worse still, if the Europeans won't take those other things—I'm going to look pretty bad in the history books.

In the Middle East, the Israelis have been most ungrateful about my peace initiative, considering all the arms we've given them. I wish they would see things my way without my having to do something that might upset the Jewish lobby here at home. The Arabs don't seem to understand that we have gone as far as we can reasonably be expected to, and that tough little King Hussein of Jordan won't play ball. In word, the whole thing's a mess.

None of this is doing much good for my image as a world leader, although I have just published a 118-page booklet on my presidency showing that I met with the leaders of 65 countries in the last two years—and I haven't done too badly at international summit meetings except for that fiasco in Versailles where our host Mr Mitterrand stabbed me in the back just as soon as it was over. Our boys should have warned me about that one earlier.

Right here at home, they tell me I've got a leadership problem too. It's hard to know what you common folks feel, because I don't get the chance to go out

I know that the coming year will be crucial

much—even to look at the magazine down at the corner store on Pennsylvania Avenue. But Ed Meesehl tells me that the opinion polls put me lower than Jimmy Carter at this time in his term of office. It seems that they figure I would get beaten by any number of leading Democrats if I run again in 1984.

Well, I know my decision on that is something that is bothering a lot of you, and it's only fair to tell you I'm still in two minds about it.

If I come out too early saying I want to run, they'll think that everything I do is motivated by some sort of political reason rather than the good of the country. If I say I'm not running, I'll be "lame duck" president with two years still

to go and the Congress will get even more obstreperous. I have to admit I am feeling the heat a bit on this too. When Howard Baker said he was not running for the Senate again last week I said I regretted his decision. And I really did, because he wants to be the next Republican president and it puts pressure on me to make up my mind. I was not too pleased with that. Teddy Kennedy dropped out of the race on the other side—he would have split the Democrats right down the middle and I am sure I could have beaten him. Again, if I hold out too long before stepping down, I risk handing the nomination on a platter to George Bush and we will lose that way too.

As it is, my fellow Republicans are not all looking as friendly as they might be right now. Some of them really put the squeeze on me as we went through the budget, and I saw a number of them not wanting to have too much to do with my policies in those mid-term elections we had a little while back. Why, some of them did not even want me at their fund-raisers.

My Right-wing friends are also showing signs of what I can only call ingratitude. It is true maybe that I have not pressed as hard as they wanted on some of their pet issues like abortion and school prayer, and forgot about the Panama Canal. But they should not have expected that all that was going to be possible at a time when we had to get the economy right as our first priority—and I am afraid dear old Jesse Helms who I believe is with us tonight messed up the whole thing a bit in the Senate. Any way, figured, what the heck, they are not going to vote for some Democrat next time, are they?

So what is our task for the two years that lie ahead in the historic rebuilding of America. Incidentally, I think the "new Federalism" revolution I launched from this very podium last year is best forgotten, along with some of my other more ambitious plans for getting government off your backs. What we have got to do is to show faith in our future. We must get the economy moving again and rid our nation of the cancer of unemployment. I don't think I'd better repeat my old line about the number of "baby" wanted in the Washington Post or the suggestion that each business hire one unemployed American. Neither of them seemed to do the trick.

Let us hope rather that the underlying strength of our great country's economy brings recovery at the right time, regardless of the battering it has received. I know that the coming year will be crucial not only for the fortunes of all Americans, but also for my chances of re-election. Who knows, if it all comes together, and unemployment starts to come down on cue, I might just make it. Until then, if you will allow me just one allusion to that great statesman Winston Churchill, as fine a man as Margaret Thatcher, right now I find it really hard to tell whether my Administration is at the end of the beginning or the beginning of the end.

Good night and God bless you.

Vice-President George Bush, who presides over the ceremony, 1 Mr Paul Volcker, U.S. arms negotiator in Geneva, 1 Senator Paul Laxalt of Nevada, Mr Reagan's "closest friend" in Congress, 1 Mr Casper Weinberger, the Defense Secretary, 1 Mr Paul Volcker, Chairman of the Federal Reserve, 1 Ed Meesehl, White House counselor, 1 Senator Howard Baker, leader of the Republican majority, 1 Senator Jesse Helms of North Carolina, leader of the arch-conservatives.

Men & Matters

Pym's Europe

"Like the British historian Macaulay would rather have an acre in Middlesex than a principality in Utopia," was Francis Pym's elegant summation of Britain's approach to EEC membership in Brussels yesterday.

He was launching a new government pamphlet called Positive Approach which is intended to convince those continentalists that London has more thoughts about the Community than just how to get its budget payments refunded. It consists largely of extracts from speeches delivered by the Prime Minister and other team during the last couple of years.

Lord Carrington is quoted as having said in Hamburg two years ago that "rhetoric is not enough."

Nonetheless, the British appear to think it no bad starting point judging by the new volume.

One of the reasons for the pamphlet's appearance in all the Community's seven languages is British Government dissatisfaction with the minimal press coverage devoted to no fewer than 11 speeches delivered by ministers in the latter part of 1982 on Britain's ideas for developing a full range of EEC policies.

The pamphlet's contents and its slightly bilious green cover seemed European journalists in Brussels who spent the day of the reporting Pym's solitary stand on the tactics to be employed to persuade the European Parliament to release a £50m rebate on British payments to Brussels last year.

Pym's approach was positive in the EEC tradition. He settled for somewhat less than he wanted and a formula was agreed.

Short time

Italian workers may have suffered but in their wage indexation at the weekend—

but they still have quite a lot to look forward to, and soon. An Italian newspaper yesterday discovered a woman, aged only 29, who has already retired and is drawing her pension. Ermanina Coffio, who was a school janitor in Friuli, in north-east Italy, merely took advantage of the country's generous pension laws which allow married women who work for the state to retire after 14½ years' service.

Men can retire after 19½ years, and women with degrees can deduct their time at university in calculating their retirement date, thus only needing to work for 11 years.

Indexed pension levels are often so high that it makes little economic sense for a worker to put off retirement. After 15 years' service, for instance, a teacher can choose between carrying on with a salary of £18,500 (£417 a month) or retiring with a pension of £985,000 (£217).

As a result, nearly 2 per cent of those who started drawing pensions in the late 1970s are under 40 and 17 per cent are under 55.

It is not surprising that INFPS, the main state pension authority, last year paid out £13,500m (£62m) in pensions than it received in contributions; and that its accumulated deficit is already £22,000m (£10bn) and rising explosively.

One green MP?

At least one member of the "greens," the radical ecology and peace party in West Germany, will make it into the Bundestag on March 6.

West Berlin, which does not vote in the forthcoming election as it is still under the authority of the Western Allies as it has been since World War Two, has selected its representatives for the next session of the German lower house.

aged 43, a journalist. He represents the Alternative List which is the West Berlin offshoot of the greens.

At their party congress last week the greens confirmed that their election programme promises to replace the "capitalist system of profits and industrial growth with one centred on ecological investment."

If the greens fail to get the 5 per cent of the West German ballot required for entry into the Bundestag that will leave Schneider as the sole representative of the unorthodox movement in the house.

But the greens have also pledged to rotate their delegates in the Bundestag every two years.

Schneider could find himself, at one and the same time, the most insecure man in the house (because of his party's pledge) and the most wooed man in the house if the predictions of the opinion polls are fulfilled and neither of the major parties (CDU and SPD) manages to win an absolute majority.

No fall-out

The Archbishop of Canterbury, Dr Robert Runcie, seems unlikely to be drawn into the controversy about nuclear weapons when he talks about war to the Royal Institute of International Affairs today.

Not that he has been cowed by the explosions of outrage from the Conservative Party about the support so far given by various churchmen to the unilateral disarmament campaign.

Runcie's reason for sticking to the old argument about whether there is such a thing as a just war—a point of theological contention since St Augustine and St Thomas Aquinas—is due simply to the fact that the Church of England will give its definitive view on the nuclear issue on February 10.

Runcie will have his say then—together with as many of the 550-strong General Synod of

bishops, clergy and lay members as can be squeezed into the six-hour debate at Church House.

Since the Bishop of Salisbury's working party report, "The Church and the Bomb," burst upon the Government last October, the Church of England has been working towards a sort of political compromise on the issue.

The report itself has been relegated to an appendix to a series of more than 100 pages by the assembly by the Board of Social Responsibility.

The central motion merely calls on the Government and NATO "to reduce progressively dependence on nuclear weapons in the programme of defence."

Some amendments are expected to advocate the Salisbury group's demand for a unilateral policy, the cancelling of Trident and the phasing out of Polaris and other nuclear missiles.

But Government Ministers appear confident that, though there might be a few tremors, there will be no shock this time to their defence system.

Water-proof

Not even the rain helped to avert all the problems on the first day of the water strike.

Travelers on British Rail's London-Midland region faced agonising difficulties as all station lavatories were locked to save water.

We are advising passengers to make alternative arrangements," a spokesman said. "We realise many people will find this inconvenient, but it is, after all, an emergency."

In Manchester, 2,500 commuters were advised to boil their water even before brushing their teeth. Those who popped their false teeth into a glass of water plus cleanser overnight could safely continue to do so without boiling it, it was said.

Observer

Kings Cross

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Letters to the Editor

Cheaper Opec oil outweighs embarrassment to bankers

From Mr Richard Viney

Sir.—Your article "A Dollar Test for Opec" rightly points out the classical dilemma of a cartel in a declining market; however, it seems to suggest that the industrial nations should forget the agonies of the results of Opec's excesses. We have Saudi Arabia to thank for what little restraint was shown. I fail to see why the international banking system, fresh from the eastern bloc lending disasters (subsidising

their arms race, etc. etc.) should now expect to be cushioned from the results of their poor judgment in making excessive loans to Mexico for example, who spurned a reasonable offer for a long-term arrangement with the U.S.

Having recently returned from the Frankfurt Textile Fair, where one might have expected to discuss the relative merits of new techniques or of various designs, I found that most of my time was spent with fibre producers who, like our-

selves, desperately want to restrain prices in order to encourage what little new activity there is in the market-place.

It was clear, for instance, that if the cracks in the oil cartel were to widen, then fibre prices would not increase because of the weaker & surely, the benefits of cheap oil to both the Third World and the industrial nations far outweigh the short-term embarrassment of bankers. Industry will have to pay all the cost involved eventually, so why

not start refuelling it with inexpensive oil and loans at rates somewhere resembling those we make to our adversaries.

Our own oil industry is bound to find the future difficult, but at least its activities will help to overcome any balance of payment problems, even if it doesn't produce an immense return on capital.

Richard Viney
Chairman, Abingdon Carpets,
Nuffield Way, Abingdon,
Oxfordshire.

Concern over the Government's Loan Guarantee Scheme

From Mr P. L. Tann

Sir.—In his article (January 11) on the future of the Government's Loan Guarantee Scheme, Tim Dickinson refers to the area of concern which apparently is shared by ministers and bankers that budding entrepreneurs should not be absolved from all risk and that they should commit personal assets as security against such loans. At present no such commitment is required under the scheme.

I believe that it would be counter-productive and impractical to insist on personal security.

Most would-be entrepreneurs do not have significant amounts of surplus liquidity so it is impractical that the personal assets to be pledged would be long-term assets and typically a house. Since this is probably already mortgaged elsewhere, the net equity available must surely be limited. Psychologically, however, this net equity is important to a family man—it is a cushion against the unanticipated costs which could befall him or his wife or children. It is even more important if he is leaving a relatively secure corporate job with



its life assurance, pension and hospital benefits in order to set up a new business of his own. There is a more subtle reason why the pledge of personal assets could be counter-productive. In case the lending banker obtains adequate security for that portion of his loan not guaranteed by the Government, it effectively absolves him from the responsibilities he might otherwise feel both to his own institution and to the borrower to analyse fully the new business proposal. Even worse, the

amount of the loan might actually be established in relation to the amount of qualifying security put up by the borrower rather than by the realistic needs of the new enterprise. This could either be too much or too little, both counter-productive in their different ways.

If I am correct in my assumption that it would be his house which normally the borrower would pledge, then I believe the proposal is impractical because a banker finds it difficult

to make a whole family homeless and destitute for a small proportion of a bad debt, especially if it were no fault of the borrower that the loan was not repaid.

There is no contradiction in this last point—indeed if the economy of this country really is to be restored, we need to create an environment where as many ideas as possible are put to the commercial test and accept that despite very best personal endeavours some entrepreneurs may new enterprises will fail.

Those who drafted the existing scheme appear to have recognised that the commitment really made was a man's time, his labour and his ideas, not his house and furniture too. It would be a pity if ministers and bankers conspired to demand inadequate assets in the mistaken belief that it would make entrepreneurs more serious and banks more responsible in their approach to the business proposal.

P. L. Tann,
Managing Director
Primrosebank,
107, Cheapside, EC2.

Future of the Falklands

From Mr Peter F. Newman

Sir.—Once Parliament has had its debate on the Franks report I hope a similar intensity of thought will develop on the subject of the Falkland Islands now we have won them back. Clearly aggression could not be allowed to pay if any reasonable level of international law is to be maintained. Equally clearly we cannot go on underwriting this distant micro-economy of 1,800 souls and defending them against an ever present threat of attack at a cost already over £1m head. For if we have that money to spare then let us use it to help restore our own ravaged economy in the industrial wastelands of the north.

For this is not an indigenous community we are supporting; rather the descendants of original settlers who were sent by us to colonise the islands and thus sustain our claim to their arbitrary acquisition according to the buccaneering standards of 150 years ago. Time has run out for us and the climate of international sympathy is not at all in our favour at the United Nations. So let us cut our losses and offer this small community as near similar properties as may be attainable for them in more congenial surroundings such as, as I have heard suggested, in New Zealand. Perhaps the Commonwealth Development Corporation, or Crown Agents could manage such a long term leasing arrangement with compensation going to the present landowners at the same rate as offered by them to their tenant Falkland Island farmers, £50 an acre.

Those Islanders not wishing to avail themselves of such an offer of resettlement would have to understand that after a period of two years it would be our intention to hand the islands over to the trusteeship of the United Nations at the same time as we relinquish all our claims to sovereignty. It would then be up to the United Nations to settle the long term future of the islands in accordance with the wishes of that august body.

Peter F. Newman

Maplethorpe Close,
Godalming, Surrey.

From Mr A. G. Mitchell

Sir.—If the Falkland Islands are to become a more or less permanent military training ground, would it not be possible to release some of the acreage in the UK for this purpose? It could then be offered to those Falkland Islanders who would not otherwise have the right of abode in the UK.

A. G. Mitchell,
168 Stock Road,
Billericay, Essex.

Effective tax allowances

From Mr David G. Lindsay

Sir.—An across-the-board increase in personal tax allowances as they now exist, which some are advocating, would give far higher per-capita tax relief to a childless, wife earning couple, or a family with a child, than to a family with a child over 16 having a bona fide earned income in excess of child allowance may claim the adult allowance.

Such a structure would enable an across-the-board increase in allowances for many low-income families from the tax net.

(graded according to age), with the proviso that a married person having insufficient income to utilise his/her full allowance may transfer the unused part of his/her allowance to the further proviso that a child over 16 having a bona fide earned income in excess of child allowance may claim the adult allowance.

David G. Lindsay,
36 Orchard Coombe,
Whitchurch Hill,
Reading, Berks.

Inappropriate remedies in protectionist policies

From the Director of Studies, Trade Policy Research Centre

Sir.—My correspondence with Mr Johnson has gone on long enough but let me beg the indulgence of a final reply to the remarkable arguments in his most recent letter (December 30).

Mr Johnson recognises that he has ignored the interests of workers in developing countries but suggests that if their Governments charged national insurance contributions on the British scale, both their problems and ours would be lessened. This is a country like India, where per capita product is less than a twentieth of the UK's, to afford "national insurance contributions on the British scale"?

Mr Johnson claims that Adam Smith is still honoured in his own country. Is it so, this honour does not reflect understanding of what he said. Thus Mr Johnson argues that Smith supported restrictions against imports from countries that themselves impose high tariffs. What he actually said was "There may be good policy in retaliations

of this kind, when there is a probability that they will procure the repeal of the high duties or prohibitions complained of." Otherwise... it seems a bad method of compensating the injury done to certain classes of our people, to do another injury ourselves, not only to those classes, but to almost all other classes.

The textile restrictions are, however, not aimed at lowering the barriers of other countries, no differentiation being made between the treatment accorded to free-trading Hong Kong and protectionist South Korea.

Smith argues that high duties and prohibitions be removed slowly and this, says Mr Johnson, is exactly how the multi-fibre arrangement should be described. In fact, the multi-fibre arrangement and its predecessors represents the exact reverse: a slow and steady increase over 20 years in restrictions on trade.

Then, Mr Johnson notes, Smith argues for "equitable regard for the manufacturer who has fixed capital in his business. This applies to capital invested before import

liberalisation not to capital invested, as is the case of virtually all capital currently employed in the textile and clothing industry, long after a protectionist policy has begun. Awareness of the danger of such vested interests in permanent protection is shown in the very paragraph cited by Mr Johnson, where he says that, if it were not for the "clamorous importunity of partial interests" the legislature ought "to be particularly careful neither to establish any new monopolies of this kind (that is, by protection) nor to extend further those which are already established. Every such regulation introduces some degree of real disorder into the constitution, which it will be difficult afterwards to cure without occasioning another disorder."

More remarkable still, Mr Johnson claims that "the clamorous importunity of partial interests," which he represents, is an example of Smith's socially beneficial pursuit of private interest. For Smith, however, the invisible hand resulted from the pursuit of profit in a competitive market not of favours

in the political market. He would have regarded the very existence of the Scottish Knitwear Association with abhorrence. "People of the same trade seldom meet together, even for meretricious and diversion, but the conversation ends in a conspiracy against the public."

Mr Johnson's only serious argument is the proposition that protection of his industry will lower aggregate unemployment. As I have pointed out, this is implausible in most circumstances and virtually inconceivable under the monetary and exchange rate policies of the present government. All Mr Johnson can achieve is to shift unemployment from his industry to others.

While unemployment is, of course, a great problem, little good will be served by proposing inappropriate remedies. If we wish to understand the sources and cures of unemployment we should look instead for those legislated monopolies that concerned Smith. In the case of the labour market they are not far to seek.

Martin Wolf,
1, Gough Square, EC4.

Scrutinising Britain's nationalised industries

A challenge to the executive

By Peter Riddell, Political Editor



An all-party group of MPs is backing Norman St John-Stevens' innocuously titled private member's Bill, but the Government—and the industries concerned—have strong reservations about the implications for the public sector

A STRANGE confrontation will take place at Westminster later this week. On one side will be the Government, backed by the chairmen of the nationalised industries in a rare display of unity. On the other side will be a large all-party group of MPs headed by the unlikely trio of Mr Norman St John-Stevens, the former leader of the Commons, Mr Edward du Cann, in his role as champion of backbenchers' rights, and Mr Joel Barnett, the former Chief Secretary to the Treasury.

For the Government—and the industries—the issue is how to manage the public sector efficiently. For the MPs the crux is Parliament's right to scrutinise public money. It has aroused strong passions, with active lobbying by the nationalised industries chairmen's group and more discreetly by Whitehall. For once the executive does not have all the political cards.

The source of the dispute is the innocuously titled Parliamentary Control of Expenditure (Reform) Bill, a private member's measure put forward by Mr St John-Stevens and due to have its second reading on Friday.

The row turns on the powers of the Comptroller and Auditor-General (the C and AG), at present an ex-Treasury official, Mr Gordon Downey, who heads the Exchequer and Audit Department. Its job is not only to check on the probity of accounts but also to investigate the economy, efficiency and effectiveness with which public funds are spent.

Mr Downey reports to the Public Accounts Committee, currently chaired by Mr Barnett—which examines the performance and records of government departments. The PAC is distinct from the dozen departmental select committees which look at current and future policies of the nationalised industries already give regular evidence to these on all relevant issues.

When the present system of parliamentary accountability was created during the Gladstonian reforms of the 1860s, virtually all money was voted by the Commons and came under the C and AG's scrutiny. But this was before the growth of nationalised industries. At

present, only about 60 per cent of public expenditure is examined by the C and AG.

Several Commons committees have argued during the past five years that the remit of the C and AG should be extended from central government departments and some associated bodies to follow public money "wherever it goes." This is the key to the argument. In principle, the phrase covers nationalised industries, local authorities and private sector bodies receiving state money.

Mr St John-Stevens has adopted a more limited definition of this idea. Local authorities are excluded, partly because their audit was covered by last year's Local Government Finance Act. The Bill proposes an extension to cover nationalised industries, publicly owned corporations, any company of which more than 50 per cent of the voting shares are publicly owned and other bodies mainly supported by public money. This would not replace normal financial auditing by accounts.

In addition, the Bill recognises by statute the C and AG's role in carrying out efficiency and effectiveness audits and proposes the creation of a new independent national audit office out of the Exchequer and audit department. The C and AG would be appointed by Parliament and not by the executive.

The row is centred on the nationalised industry proposals, in particular:

● The Government says the Bill is a retrograde step away from its policy of allowing the industries freedom of commercial manoeuvre within an overall tight financial framework. The industries say they would be constantly looking over their shoulders and the Bill would make it difficult to attract senior management. Sir George Jefferson, of British Telecom, and Mr Ron Dearing, of the Post Office, have both argued that all the work done in trying to inject a more commercial approach into what were once government departments would be undermined. In their view the type of inquiry suitable for the Civil Service would dampen business initiative and risk-taking. The C and AG, it is argued, also lacks the necessary commercial expertise.

The Bill's sponsors say these fears are unfounded since there is no intention of second-guessing the commercial judgment of the industries or of interfering in policy. The C and AG will look at finances, not policy.

● The Government argues that the Bill would increase bureaucracy within the industries and in Whitehall departments. Ministers say the right way to examine efficiency from the outside is via the Mon-

opolies and Merger Commission's inquiries under the 1980 Competition Act. Mr St John-Stevens argues that the commission is not independent of ministerial instructions and that a further layer of bureaucracy can be removed by abolishing these UMC inquiries.

● Industries, including British Airways and British Telecom, have argued that the enactment of the Bill would make privatisation much more difficult, if not impossible, because of the special status of the C and AG in looking at their books. Mr Ian MacGregor, the chairman of British Steel, said the Bill would mean that some joint ventures with the private sector would not now be started.

Several meetings have been held in search of a compromise, but without success. Mr St John-Stevens has already narrowed the application of the principle of following public money but he is unwilling to make any other concessions.

The political advantage lies, unusually, with the Bill's supporters. This is partly because the issue is being seen as one of principle, and not just a technical matter of auditing. All this has made it hard for Ministers to convince MPs that other principles are involved. More than 300 backbenchers signed a motion in the last session along the lines of the current Bill.

The Government has so far made little public attempt to win support from MPs for its view and will probably not force a vote on Friday. Instead, Ministers are likely to sympathise with the broad aims of the Bill, while indicating the practical shortcomings and their intention to amend it in committee. The key point on Friday will be whether some Tory MPs who have private reservations about the implications of the Bill for nationalised industries make their doubts public.

The debate will then switch to the committee stage. A number of possible amendments have been floated such as a code of practice for the C and AG's inquiries or a special unit to look at commercial enterprises.

At present, despite the angry warnings of the nationalised industries, it seems that the Government is going to have to sound a lot more convincing—or to conjure up a June election—to block the proposals.



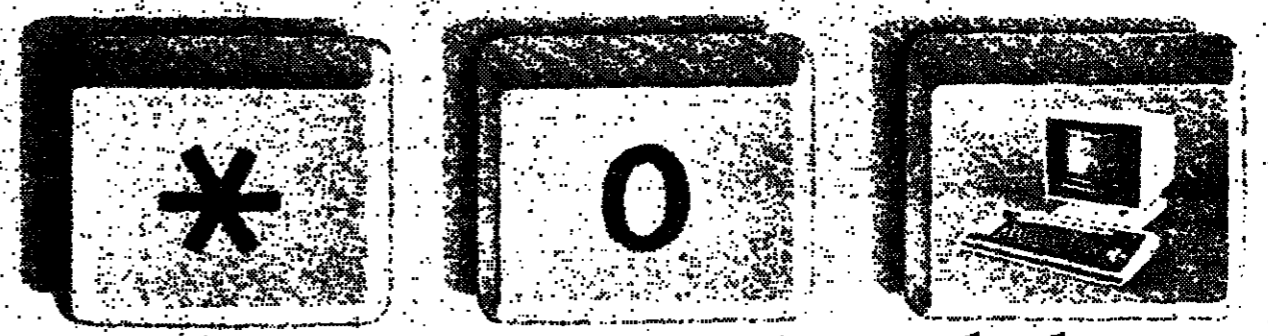
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FINANCIAL TIMES

Tuesday January 25 1983

Vent-Axia
The first name in unit
ventilation...look for the
name on the product.

Rupert Cornwell in Rome analyses an historic scala mobile deal

Peace settles over Italy's pay battlefield

"I DON'T WANT to hear another word about the scala mobile for the next 10 years," said one union leader on Saturday night, after signing the historic agreement reducing the effect of Italy's highly protective system of wage indexation.

It is a comment that a lot of people will echo amid the relief and satisfaction felt in the Italian political and business world. The negotiations on the issue, which began in earnest in June 1981, have been too long, too often negative and, in the past few weeks, marked by powerful demonstrations of union power on the streets.

The issue has been settled with a cut of at least 15 per cent in the protection against inflation given by the scala mobile. Everyone, from the communist-dominated CGIL union to the barons of Confindustria, the employers' association, seems to be satisfied.

For the government of Sig. Amintore Fanfani formed at the beginning of December, it not only re-

moves a major point of disagreement from the political scene, but also demonstrates its contention that it is a government which gets on and does things. It now has a little more room for manoeuvre.

An agreement on the scala mobile was essential for all parties. The unacceptable alternative was that the employers would make good their threat to cut by 50 per cent on January 31 the protection given by the system. That would certainly have been met by serious protests on the streets.

It took painstaking negotiating by Sig. Vincenzo Scotti, the Christian Democrat Labour Minister, to steer both sides to what was virtually a voluntary agreement.

The scala mobile, by theoretically insulating lower-paid workers from the effect of price rises, had become an important part of the formula that keeps Italy just about governable. It is the price the Christian Democrats and the centre parties

pay to the Communists for their exclusion from government.

For that reason, the concession by the unions on indexation is highly significant. But the agreement also marks an important step in rolling back union power, which had been almost invincible from 1969 until 1980.

The scala mobile agreement of 1975, which strongly reinforced existing wage indexation, made negotiations on basic wage rates relatively unimportant. It freed union attention to advise on, and even dictate, social policy, making Italian workers among the best protected in the world.

The alarming costs of that policy, both to the Exchequer and to Italian competitiveness, had become increasingly apparent by 1980, when the unions suffered the signal reverse of being defeated by re-invigorated management in the long strike at Fiat. Since then the unions have faced employers on one side and discontented members

on the other, and been divided among themselves.

The agreement may help reunite them. The unions may now become more of a partner of the Government in determining economic policy rather than a powerful interest group to be appeased.

If it were not for its symbolic importance, last Saturday's agreement might appear rather modest. The value to the worker's pay packet of each point by which the index rises had been cut by 15 per cent, and future rises in value added tax which governments may make should not affect the index. This and other minor factors are reckoned to amount to an 18 per cent reduction in the protection against inflation.

But there has been no fundamental modification of the index, on which the system is based, to remove indirect taxation and the effect of imported inflation from it. Because the scala mobile payments are made at a flat rate - the same

for high and low earners - differential will continue to be flattened and space for basic negotiations is still limited.

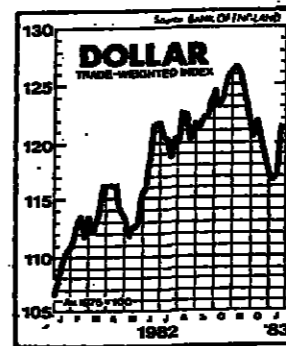
Several important elements of the accord, including the question of value added tax and currency fluctuations, are ambiguous and will be the subject of further talks with the unions.

The Government has paid a heavy price in tax concessions, tariffs and social security contributions. For an administration desperately trying to keep its public-sector borrowing requirement down to "only" £17,000bn (£8bn) this year the cost of unbudgeted concessions (one estimate puts them at £3,500bn) is high.

The deficit causes inflation which the scala mobile then reinforces. Italian labour costs, burdened with heavy social security, severance pay and pension contributions, will go on being very high. But a start has been made.

THE LEX COLUMN

Another bad round for sterling



Sterling has kept on a remarkably even keel since Mrs Thatcher's return from the South Atlantic, but yesterday no amount of soothing words would have protected the pound from a double-fisted attack of the kind launched by Mr Paul Volcker and Sheikh Yamani.

Last week's hints by Mr Volcker that the policy of accommodation pursued by the Federal Reserve since the middle of last year cannot go on indefinitely has been given additional credence by statistics tentatively suggesting that the U.S. economy may be poised for a measured recovery. The outlook for private sector credit demand remains extremely cloudy but, with a very heavy calendar of public debt offerings in the pipeline, there must be some risk that aggregate credit demands will push dollar rates higher.

Given the Fed's pointed reluctance to shift its discount rate, the authorities might well be happy to endorse such a movement. That, at any rate, provided the climate for yesterday morning's sharp dollar appreciation - some of which must have reflected the reversal of 20-mark positions taken up before election jitters shifted from London to Bonn. But the afternoon's developments suggested that sterling has yet to find a stable level even against the European currencies.

A less than harmonious conclusion to the Opec meeting and the likelihood of a subsequent cut in the Saudi benchmark price had almost certainly been discounted by the foreign exchanges during the earlier run on sterling. Yet, with the pound still under a cloud, it takes very little in the way of additional bad news for the pound-weighted index to lose a full point in one day.

Dowry

Dowry is still wandering around on the profits plateau which it reached after its years of heady growth in the 1970s. In the half-year to September, it kept in line with inflation to push pre-tax profits up by 8 per cent to £1.5bn. But with virtually all of its major markets under attack, the company gave no indication yesterday that it can do much more than repeat the £30m achieved last year for the full 12 months.

The aerospace division, having remained remarkably buoyant during the recession, was the main source of disappointment in the first half. Sales fell in the period on the previous six months, while trad-

Flow of funds

An uncomfortably small flow of funds into the non-banking financial institutions in the second quarter has been followed by a spectacular third-quarter recovery which puts the aggregate for the year back where it ought to be. The figures show a £1.6bn increase in the inflow, between the two quarters, and a year-on-year jump of £1.4bn, leaving the total for the year at about £500m more than a year ago. Apart from underlining the volatility of the flows, the third quarter performance confirms the strength of deposit taking by the building societies - up by £1bn over a year ago - and the stagnation in receipts by the life and pension funds. The latter recovered dramatically in the

third quarter after a dismal outturn in the previous three months, but the funds are still lagging on last year's nine month figures, possibly because a higher level of redundancies has led to early withdrawals from the pension funds. Gilt-edged were the main beneficiaries of the increased inflows, receiving £1.3bn more than in the previous quarter, presumably reflecting the liquidation of holdings by non-residents.

U.S. aluminium

Even after the Wall Street relapse of the past few days, the share prices of North America's four major aluminium companies are trading within a stone's throw of their highest levels of the past year. The recent increase in ingot prices and the 15 per cent growth in orders reported by the U.S. industry since September have, it appears, more than compensated for the announcement of disastrous 1982 results, culminating in the worst single quarter since the 1950s.

Weak global demand joined forces last year with excess North American production inventories and a strong dollar to put particular pressure on domestic prices. Real selling prices are estimated to have undercut list prices by an average of 18 per cent across the whole product range at a time when U.S. primary aluminium plants were running at an average rate of around 65 per cent.

Asset disposals and fancy arithmetic have been deployed to contain the trading losses. Alcoa has managed to reverse a pre-tax loss of \$205m into a bottom line surplus of \$11m, through tax credits, property disposals and inventory items. Most impressive of all, Reynolds has retrospectively capitalised four years of polluting expenses to help produce net income for the year of \$8m.

Alcan, which has no primary manufacturing plant in the U.S. and managed to increase shipments significantly last year, looks - together with Alcoa - well placed to reach break-even at the operating level this year. For Kaiser and Reynolds, however, another year of damaging trading loss seems assured.

Kaiser's U.S. operating rate stood well below 50 per cent last year and interest charges doubled to \$147m. Even accountants are no match for that kind of problem.

Hong Kong granted say in its future

BY ALAIN CASS IN LONDON AND ROBERT COTTRELL IN HONG KONG

HONG KONG has secured an independent voice in the negotiations between Britain and China over the Colony's future in a move which may be an important pointer to the final outcome of the talks.

Britain has agreed that Hong Kong's Executive Council (Exco), the territory's senior policy-making body, comprising senior officials and leading business and professional figures, should have the right to contribute towards and, to a limited extent, approve British proposals.

Sir Edward Youde, the colony's newly-appointed governor who is currently in London for talks, will soon formally take part in the negotiations with China. Exco's formal role is to advise the Governor who is appointed in London.

The agreement effectively to give Hong Kong an independent role in the talks follows growing concern among officials and leading Exco members that they were being kept in the dark about the secret talks which are under the direct control of Mrs Margaret Thatcher, the Brit-

ish Prime Minister, and involve only a tiny handful of officials in London and Peking.

It also underlines the belief by observers that, although negotiations with Peking are still at an early stage, the focus of British thinking is slowly shifting towards the "interim phase" solution in which a British administration would be replaced by a Hong Kong government formally under Chinese sovereignty but with considerable autonomous powers.

Britain's 99-year lease with China over most of the territory runs out in 1997 while China refuses to recognise the treaties which established Hong Kong island as British in perpetuity.

Peking has remained adamant that it will recover full titular and administrative sovereignty over the whole of the territory after 1997, but senior Chinese officials have recently made great efforts to appear more conciliatory, emphasizing that they wish to maintain the territory's capitalist system and stability. This has encouraged the British

side to believe that a compromise solution may still be possible under which British sovereignty is exchanged for guarantees that the territory's success is based will be allowed to continue.

What no longer seems possible, at least to some officials, despite the softer line taken by Peking recently, is continued British sovereignty after 1997 or an arrangement under which Britain retains full, effective control of the territory after that date in a form of "management contract" with China.

The Foreign Office is likely to have a difficult task in persuading Mrs Thatcher of this in the coming months as she faces the aftermath of the Falklands invasion of the Falklands and her advisers press her to go for an early election.

However, a softening line in Whitehall towards a "damage limitation" exercise designed to secure at least an interim period between British and Chinese rule over Hong Kong is likely to meet some tough

local resistance. Nothing less than an independent administration with real political integrity would suffice in some local eyes - preferably a continuing British administration. China's sale of a capital Hong Kong under Chinese rule is described by one leading Hong Kong figure as "hope sprinkled with fear and garnished with nationalism."

While Exco may encompass varying views on the question of Hong Kong's future, at least some of the unofficial members are likely to press Britain's moral commitment to the people of Hong Kong.

Hong Kong has fought hard to upgrade the economy to a high wage market manufacturing centre. If political worries weigh against new investment, that economy could go downhill much faster than it came up. Greater still, is the unspoken fear of civil unrest in the face of mounting uncertainty.

In the financial markets, paradoxically, there is even a whiff of optimism. Talks on Chinese N-plant, Page 4.

Standard Indiana profits slip in 1982

By Richard Lambert
In New York

STANDARD OIL Company (Indiana), the first major U.S. oil company to report its results for the fourth quarter of 1982, said yesterday that net income rose to \$415m against \$384m in the same period of 1981 and \$550m in the third quarter of 1982.

For the year the group's net income fell from \$1.92bn to \$1.83bn, or \$5.25 per share. Revenue for the year came to \$29.9bn compared with \$31.7bn in 1981.

Mr John Swearingen, Standard Indiana's chairman, said that the improvement compared with the third quarter of 1981 reflected smaller losses from downstream operations overseas, and higher Canadian earnings. This had been partly offset by lower figures from upstream activities overseas.

Results for the full year had gained from a significant recovery earlier in the year in the profitability of U.S. refining, marketing and transportation activities, he added. But refining margins had come under pressure in the final quarter, cutting short this recovery.

Falling crude oil prices, higher costs, and lower domestic production volumes had adversely affected earnings from exploration and production operations during the year, Mr Swearingen continued. Chemicals and minerals markets remained depressed.

The 1982 results included a \$110m benefit from the drawdown of petroleum and chemical product stocks valued under the Lifo method. Against this, non-recurring refinery closure charges had knocked \$54m off the latest earnings figure. In 1981, earnings included a \$71m Lifo benefit, a \$60m gain on an asset disposal, and refinery closing charges of \$22m.

Opec's failure on quotas to hit prices

Continued from Page 1

three components being integral elements of the whole. Nevertheless, the question of differentials came as a surprise to many other members, including evidently Iran, which had been persuaded to attend the meeting following a visit to Tehran last week by Iranian Ambassador Dikho, Nigerian Chief Delegate and current President of Opec, as well as Mr Kamal Hassan Maghaur of Libya.

Iran has aggressively led the opposition to Saudi Arabia. With support from Libya and Algeria in particular, it is determined that the main thrust of any collective production cut should be borne by the Kingdom.

In practice, Saudi adherence to the official price level has led to a drop in its output from wholly-owned fields well below its official ceiling of 7m b/d to what Sheikh Yamani acknowledged to be less than 4m b/d and what is reckoned to be little more than 4m b/d.

Mr Mohammed Gharazi, Iranian Minister of Oil, claimed that the big fall in Saudi output, the consequent financial constraint on its ability to finance Iraq in the Gulf conflict and the loss of its major role in Opec amounted to a significant "victory" for his country. Iran wants to produce what is probably the maximum desirable level for it of 5.2m b/d compared with maximum allocation accepted by the majority of Opec of 2.5m b/d.

Members once again came quite close to agreement on quotas for individual states.

NEWS REVIEW

BUSINESS

Microwave links for South West

Two separate contracts for the supply of high capacity microwave radio relay systems have been won by Ferranti Communications Systems Group.

The South West Gas Board and South Western Electricity Board are each installing three duplicate, bore of Ferranti Type 14000 120/300 channel relay equipment operating in the 7.5 GHz frequency band. Both systems are required for expansion of regional communications networks. The SWEB equipment forms part of a larger main contract for radio and multiplex equipment.

Briefly . . .

A new franchised distributor of Ferranti Electronics semiconductor products has been appointed. Farnell Electronic Components Ltd will distribute the entire range of products including A/D converters, E-Line transistors, power MOSFETs, photo-diodes and advanced integrated circuits.

A "small batch" high quality Printed Circuit Board (PCB) production facility is now available from Ferranti Computer Systems. Specialising in complicated PCBs, the service covers the attachment of large devices such as sub-assemblies, sockets and heat-sinks.

British has awarded a contract to J.R.W. Ferranti Subsea Limited for the control systems to operate subsea valves installed in the Northern Leg Gas Pipeline.

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Mitsubishi plans to make VTRs in UK

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

MITSUBISHI Electric Company has become the second Japanese electronics concern within a week to announce plans for the production of video tape recorders (VTRs) in the UK.

The company said yesterday that it will begin assembling VTRs at its Haddington colour TV plant, near Edinburgh, in autumn this year. Early in 1984, VTR production will shift from Haddington to a factory at Livingston New Town. Initial output will be at about 5,000 sets per month but this may be eventually doubled.

Mitsubishi hopes to use the Livingston plant as a base for VTR exports to the European Economic Community. But Mr Kojiro Makita, the company's deputy general manager for international operations, said yesterday that a number of questions would have to be answered before exports could begin.

One major question involves the local content levels that would have to be attained by VTR sets manufactured in the UK, before they could be classified as products of European origin. Mitsubishi says that 45 per cent local content - the level set for colour TV sets - could

prove very hard to attain in the case of VTRs.

Mitsubishi expects start-up costs at Livingston to be 200m-300m yen (\$850,000-£1.3m) assuming factory space will be rent-free for the first two years. The company appears to have undergone a considerable amount of arm twisting from the Government before deciding to go ahead with its VTR project. Britain would seem to be the only European country which applied pressure on Mitsubishi to establish a VTR production operation.

Mitsubishi's Haddington colour TV factory is at present producing about 70,000 sets a year and has achieved a 15 per cent export ratio. It originally hoped to export half the Haddington plant's output but has faced severe cost problems. The plant became profitable last year after two years of loss-making operations.

Mitsubishi's announcement follows last week's news that Sanyo Electric loans to make VTRs at its Lowestoft colour TV factory. Britain is the largest market in the world for video recorders and last year imported 2.4m units, mainly from Japan.

Efforts grow to settle British water strike

BY PHILIP BASSETT, LABOUR STAFF, IN LONDON

BRITAIN'S first all-out national water strike drew near total support yesterday from the industry's 25,000 manual workers as union leaders and employers urged in an effort to find a speedy settlement to the pay dispute.

Unions representing the water supply and sewerage workers reported virtually a 100 per cent response to the strike call.

Amid reports that about 4m people had been advised to boil their tap water supplies the employers, the National Water Council, and the unions were last night considering a number of points in the report of the mediator, Mr Ian Buchanan.

This had recommended a 7.3 per cent pay increase over 18 months but rejected union claims for rises bringing them into line with the top 25 per cent of outside manual workers' earnings.

The points being considered involved administrative efficiencies such as payment of wages by credit transfer and the extension of performance related bonus schemes.

Some union leaders were seizing on these ideas as possibly pointing the way to a solution of the strike. The effects of the strike varied

widely with supplies in some areas cut off or water pressure reduced as pipes and pumping stations failed. Some schools were closed and pupils sent home.

In the Bristol and Manchester area sewage was pumped directly into rivers but water authorities said high water levels reduced any danger to public health.

Industry reported few effects so far and although servicemen were on standby from the start of the strike at midnight on Sunday there were no reported calls for military help.

In the House of Commons, Mr Tony Blair, Environment Secretary, said that by midday 2,000 properties had lost their water supply and he called for economy in the use of water.

Mr Gerald Kaufman, shadow environment spokesman, accused Mr King of "reckless meddling" in a dispute which was of "exceptional gravity."

Earlier Mr King had appealed to water workers to end the strike and said that the pay offer of 7.3 per cent was "not unreasonable" in difficult times.

Fears for supplies, Page 5

PLO man may visit Britain

By Roger Matthews
In London

BRITAIN and the Palestine Liberation Organisation are believed to have reached a compromise which will allow an Arab League visit to London to take place early next month.

The row between the British Government and the Arab League over the composition of the delegation forced Mr Francis Pym, the Foreign Secretary, to call off a visit to the Gulf earlier this month after Saudi Arabia said he would not be welcome.

Mr Yasser Arafat, chairman of the PLO, said yesterday in Aden that there would be a Palestinian included in the Arab League delegation. "He will be a Palestinian from the PLO, he will meet the Queen, the Prime Minister and the Foreign Minister," Mr Arafat was quoted as saying by the official Palestinian news agency.

However, as the British Government has not altered its refusal to receive a PLO executive member at Foreign Secretary level, it is believed that the Palestinian in the delegation will be designated a "personal representative of Mr Arafat."

Sterling hits all-time low

Continued from Page 1

The FT Industrial Ordinary index dropped 13.7 to close at 805.7, and the FT Gold mines index fell by 8 per cent, as it detected the market's growing scepticism about a sustained rise in the bullion price.

Wall Street's drop was mainly attributed to fears that U.S. interest rates may have hit a low point, at least for the time being, and to concern over Opec's failure to agree on production and pricing. This was widely interpreted as having serious implications for some of the less developed countries, which already have liquidity problems and their bankers, many of whom are in the U.S.

In the U.S. credit markets, which witnessed a big drop in Friday trading, prices were marginally weaker in quiet trading, ahead of President Ronald Reagan's State of the Union speech today.

The Treasury long bond was down by about a quarter of a point at lunchtime, while corporate issues were lower by between an eight and a half of a point.

The credit markets are still hoping for a cut in the Federal Reserve Board discount rate from its current 8.4 per cent level.

Grundig-Telefunken

Continued from Page 1

run into concerted political and industrial opposition in West Germany.

AEG had already tried unsuccessfully for nearly a year to sell Telefunken to Thomson-Brandt, before Grundig appeared at the last minute as a potential rescuer.

AEG said last night that it "had not yet been informed" that Grundig

was unable to take over the management control of Telefunken.

Independent of the takeover, however, it had taken measures to restructure Telefunken to allow business operations to continue. Most importantly it has shut down two of Telefunken's biggest loss-making operations abroad in Italy and in Mexico.

World Weather

Area	Temp	Wind	Cloud	Temp	Wind	Cloud	Temp	Wind	Cloud
Amsterdam	13	15	11	12	14	10	11	13	10
Antwerp	13	15	11	12	14	10	11	13	10
Brussels	13	15	11	12	14	10	11	13	10
Frankfurt	13	15	11	12	14	10	11	13	10
Hamburg	13	15	11	12	14	10	11	13	10
London	13	15	11	12	14	10	11	13	10
Paris	13	15	11	12	14	10	11	13	10
Rome	13	15	11	12	14	10	11	13	10
Stockholm	13	15	11	12	14	10	11	13	10
Warsaw	13	15	11	12	14	10	11	13	10
Zurich	13	15	11	12	14	10	11	13	10

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Merrill Lynch boosts year income to \$309m

BY RICHARD LAMBERT IN NEW YORK

MERRILL LYNCH, the biggest U.S. securities group, made more money in the fourth quarter of 1982 than it had in any full year prior to 1980. Net income in the 14 weeks to the end of December jumped to \$142m, compared with \$54.8m in the final 13 weeks of 1981.

Half way through 1982, the group's earnings were trailing well behind 1981 levels. But thanks to what it described yesterday as "the dramatic turn in the investment climate, which began last August," net income for the full year jumped from \$203m to \$309m. Overall, revenues were up by 5 per cent at \$5m.

Merrill Lynch said that as a result of the stock exchange boom, it had set substantial new records in almost all areas of its business.

"We not only handled record volume in our agency business, but also attained new highs in all areas of fixed income trading, as well as in investment banking and asset management," it added.

"At the same time, our continuing

insurance activities showed further moderate growth, while our real estate operations, which we continued to expand, moved into the black for the year."

Commission revenues, which were showing steep falls earlier in the year, nearly doubled in the final quarter to bring the total for 1982 up to \$1.1bn, a rise of 22 per cent. Revenues from principal transactions expanded by 53 per cent to \$856m, with the growth coming from trading in the fixed income sector.

The group said that investment banking revenues rose by 60 per cent to \$366m. Despite the fall in interest rates, total interest revenues rose by 6 per cent to \$1.5bn, following a significant growth in the volume of interest earning assets. Interest expenses were also 6 per cent up, at \$1.6bn.

Despite the record increases in activity, Merrill Lynch has continued to stress its cost containment efforts. The rise in those expenses,

not related to volume, had slowed down significantly over the year, the group claimed.

On a per share basis, earnings for the year rose from \$5.14 to a fully diluted \$7.48.

● Reliance Group, the insurance holding company controlled by the financier, Mr Saul Steinberg, has bought 5.71 per cent of the shares in Paine Webber, one of Wall Street's leading securities firms.

In a filing with the U.S. Securities and Exchange Commission, Reliance said it had no plans to make or propose any changes in Paine Webber's present management, but it said that it might discuss areas of co-operation with the company, including possible representation on Paine Webber's board.

First Chicago up 17.9% in year

By Paul Taylor in New York

FIRST CHICAGO Corporation, parent of First National Bank of Chicago, the 10th largest bank in the U.S., yesterday reported improved fourth quarter and full-year earnings.

In the fourth quarter, operating earnings increased by 14.5 per cent to \$41.5m, or 96 cents a share, compared with \$36.38m or 91 cents in the final 1981 quarter.

In the latest quarter, securities losses of \$122,000 made a final net of \$41.68m or 96 cents compared with \$36.44m or 92 cents, in the same period in 1981, following securities gains of \$57,000.

For the full year, the company reported a 17.9 per cent increase in operating earnings to \$144.02m, or \$3.32 a share, compared with \$122.14m, or \$3.06 a share, in 1981.

Securities losses of \$7.23m in 1982 produced a final net of \$136.78m, or \$3.33, compared with \$118.71m, or \$2.98 in 1981, after securities losses of \$3.43m.

The full-year results mark a further recovery in the bank's profitability, which touched its low point in 1980. Since then, Mr Barry Sullivan, the chairman who took over in the summer of 1980, has concentrated on improving performance to lift its return on capital into the top half of the top 100 largest U.S. banks.

The bank's 1982 performance is also in sharp contrast to that of its arch rival, Continental Illinois, which, while reporting a continued recovery from its problems mainly related to the failure of Penn Square Bank in July, still reported a 67 per cent decline in full-year operating earnings to \$84.38m.

Anti-trust hurdle for Philips bid

By Richard Lambert in New York

THE U.S. JUSTICE Department has intervened in the bid by North American Philips Corporation to acquire Westinghouse Electric's lamp business. Stating that the proposed merger raises serious competitive concerns over the short term, the Department has ordered Westinghouse to attempt to find another bidder.

Accordingly, Westinghouse has retained Goldman Sachs, the New York investment bank. Philips said yesterday that if no new bidder emerged by February 18, the Department had indicated that it would be free to go ahead with its offer. "Should no bidder be found, we will go ahead with our offer," Philips added.

The U.S. lamp business is heavily concentrated, with the four largest manufacturers controlling some 80 per cent of the market. General Electric is much the biggest, followed in second place by GE Corp.

Westinghouse has an estimated 16 per cent of the market. North American Philips holds fourth place with a share of around 5 per cent. The proposed takeover was announced last September. It involved 10 manufacturing plants in the U.S., another in Mexico, as well as Westinghouse's Canadian lamp business.

PREMIUM INCOME GROWTH SLOWS Allianz expects higher earnings

BY STEWART FLEMING IN FRANKFURT

PREMIUM INCOME growth of Allianz Versicherung, West Germany's largest insurance company, slowed last year, but the company is expected to report higher earnings for 1982, as a result of a significant improvement in investment income and at least maintained underwriting profits.

Moreover, recent increases in motor insurance premiums, coupled with a declining accident rate, suggests that in the current year, the company's motor insurance underwriting may show a further profit improvement. Motor underwriting accounts for 44 per cent of premium income.

Dr Wolfgang Schieren, chief executive, hinted, however, that the company would not be increasing its dividend for 1982. The company will in any case have to put aside more to pay its current rate of dividend because of the rights issue it is making to shareholders which is bringing in DM 417m (\$170m).

The new capital will increase the company's solvency ratio from around 39 per cent to 41 per cent, a particularly high level for West German insurance companies. Many have felt comfortable operating at lower solvency ratios, because of the conservative methods they are required to use in valuing their investments.

Explaining the background to the capital raising, Dr Schieren said the company was, in part, preparing itself to take on new business when economic activity picks up. But he added that Allianz is still bent on pursuing its international expansion, and that too will require additional funds.

He said that further acquisitions could not be ruled out, although the company does not have any specific targets in mind. Profitable markets such as Japan, Switzerland or even once again the U.S., remain attractive.

Commenting on the company's

talks with Britain's Eagle Star insurance group, in which it acquired a 28.2 per cent stake, Dr Schieren stressed that Allianz does not feel under any pressure to increase its holding to a majority stake, and that it would be best if Eagle Star remained a British concern.

Since October, senior executives of the two companies have had four meetings and Dr Schieren added, the atmosphere between the two companies had improved significantly. Discussions were now taking place at the level of working groups, examining areas of mutual interest. It was too soon, however, to talk of any concrete results.

Allianz's worldwide premium income, which includes its life assurance subsidiary, rose 7 per cent to almost DM 14bn last year, compared with a rise of 11.3 per cent in 1981. Of this DM 2bn came from the company's foreign business.

Premium income of the Allianz

Sachgruppe, which excludes life as-

urance business and certain other interests, and comprises mainly general insurance, rose to DM 7.9bn.

Competitive pressures, the weakness of the economy, and selectivity in acquiring new business contributed to slower growth.

Premium income in the motor business rose by only 1.8 per cent, compared with 8.6 per cent, reflecting stable insurance rates through most of the year, as well as the downturn in the motor industry.

But fewer claims in most areas (apart from auto theft), reflecting reduced driving, resulted in an improvement in the underwriting profit. In the fire, transport and household contents insurance sectors, however, Allianz suffered an underwriting loss.

Income on the group's DM 10bn of investments rose significantly as a result of lower securities write-downs and higher interest earnings.

Pressure on refining margins hits Ashland Oil in quarter

BY RICHARD LAMBERT IN NEW YORK

ASHLAND OIL, which claims to be the largest independent oil refiner in the U.S., has reported a steep decline in first quarter earnings and warned that profits are coming under increasing pressure in the current three month period.

Net income in the quarter to December fell from \$47.5m to \$29.1m, and revenue slipped from \$2.4bn to \$2.1bn.

Ashland said the setback in the first three months was due to declines in operating income from several of its non-petroleum busi-

nesses, which had been adversely affected by continuing recession. The company did not specify where these declines occurred, but its coal and chemical interests were obvious candidates for a downturn.

These setbacks offset an improved first quarter from Ashland Petroleum, in which operating income of \$50m was 53 per cent higher than a year ago.

However, after very profitable trading in October and November, refining margins were hit in December by the combination of re-

cession, unseasonably warm weather and Opec price weakness. As a result, Ashland Petroleum fell back to near break-even in that month.

The company said that as a result of these factors, Ashland Petroleum would probably operate at a loss in January. "Historically, Ashland's second fiscal quarter has been the company's most difficult," it added.

"Without a significant improvement in refining and marketing margins, it will be difficult for the company to earn a profit in the second fiscal quarter."

Sabena meeting will discuss tripling of issued capital

BY GILES MERRITT IN BRUSSELS

A THREEFOLD increase in the issued capital of Sabena, the Belgian airline, taking it to some Bfr 3.1m (\$63m) to Bfr 9.3m, is to be the subject of an extraordinary general meeting of shareholders in Brussels on February 1.

The crucial talks will involve the 99 cent state-owned Belgian national airline's top management and Government representatives. The talks are being seen as an important step towards implementation of the rescue plan, aimed at restoring the traditionally loss-making Sabena to operating profitability by next year.

Sabena has been declaring financial losses for almost 25 years, but the present scheme for a drastic restructuring of the airline was prompted by 1981 deficit that climbed to Bfr 3.8bn on sales of Bfr 29.8bn, from a 1980 loss of Bfr 2.8bn on sales of Bfr 23.2bn.

More than Bfr 1m a year of Sabena's losses are accounted for by debt servicing charges which reflect its serious undercapitalisation. Until 1980 the airline's issued capital had been pegged at Bfr 750m and mounting operating losses had resulted in a sharp rise in short-term borrowing.

Under the major new capital boost the Belgian Government will subscribe Bfr 2m. The remaining Bfr 4m is to be sought from financial institutions, state-backed investment bodies and the country's regional administrations.

The central government will, however, guarantee a safety net for these new investors by offering the option of buying back their Sabena shares after five years, at purchase price.

Sabena thinks the recapitalisation will take place in stages this year, although it is believed that the

first tranche will provide the major share of the new funding with some Bfr 5m being subscribed, of which Bfr 1.7m will come directly from the state.

The major injection of fresh working capital into Sabena and the restructuring of its debt is just one element in the overall rescue operation. Last year Sabena's staff accepted a 17 per cent pay cut and the airline's Middle East and African services were trimmed.

In the past nine months the payroll has been reduced from 9,500 to 8,800 employees. This year Sabena will have off its catering and aircraft handling operations into independent subsidiaries.

The streamlining measures have already had a marked influence on Sabena's operating losses. For the first nine months of last year these were reduced to Bfr 765m from Bfr 2.4bn in the same 1981 period.

Sandvik to restructure French unit

By Our Stockholm Correspondent

SANDVIK, the Swedish cemented carbide and steel group, has announced it will restructure its loss-making French subsidiary, Eurotungstene, and retain ownership in two of three independent new units.

Sandvik said the move was taken because Eurotungstene, which was acquired in June 1980, "could not be viable in its present form or size."

Eurotungstene produces rock drilling, metal cutting and wear parts products in the cemented carbide field, as well as intermediates such as tungsten-carbide powder and cobalt powder.

A new company will be formed in Grenoble to take over development, production and sales of intermediates, with the controlling interest going to mining concerns, part-owned by the French Government.

Sandvik will retain a minority interest. A separate company, based in Epinouse, will take over the wear parts production in both Epinouse and Grenoble and will be wholly owned by Sandvik. The Bourg mining products unit, based in Epinouse will also be wholly-owned. Sandvik will centralise cutting-tool production at the facilities of Safety S.A., another of its French subsidiaries.

Sandvik said the restructuring work will be carried out in 1983-84, leaving the factories intact but operating in a different form, and with 45 per cent fewer employees.

Wilhelmsen set back by shipping crisis

By Andrew Fisher, Shipping Correspondent, in London

WILHELMSEN, the major Norwegian shipping group, suffered a drop in profits last year and was cautious about 1983 prospects in the continuing crisis in the industry.

While gross freight income rose slightly to Nkr 3.75bn (\$500m) from Nkr 3.68bn, operating profits were down to Nkr 575m (\$81m) from Nkr 633m and profits after depreciation and other charges to Nkr 145m from Nkr 231m.

Wilhelmsen said the rise in the dollar against Norwegian currency and favourable results from offshore activities were not enough to prevent the decline. Net profits showed a sharper drop to Nkr 70m from Nkr 242m.

The company's poorer results came amid warnings about prospects for the Norwegian fleet this year. No significant improvement in freight rates is expected.

Standstill for Danish group

By Hilary Barnes in Copenhagen

DE DANSK Sukkerfabrikker forecasts unchanged group earnings for the first half of the year despite a reduction in profits from beet sugar refining and deterioration in the earnings of the group's papermaking subsidiary, De forenede Papfabrikker.

In the year to April 30, 1982, group pre-tax earnings were Dkr 317m (\$37.14m) on sales of Dkr 6.53bn.

The reduction in earnings on sugar production will result from low world market prices and rise in the EEC production tax levied to cover the increasing cost of subsidising exports of sugar to third countries.

Earnings by the group's engineering industry subsidiaries will balance the reduced earnings from sugar and an "unsatisfactory" result from the paper mill.

Skandia lifts payout despite downturn

By David Brown in Stockholm

SKANDIA, Sweden's largest insurance company, has announced in its preliminary results for 1982 a 2-for-1 stock split and a bonus issue for every two new shares. Each of the three resulting new shares will have half the value of one old.

Pre-tax profits were SKr 540m (\$73.2m), down from SKr 717m last year which is adjusted for new currency accounting procedures. The 1982 profit figure shows a currency loss of SKr 70m. It does not reflect an extraordinary item of SKr 117m which represents the added value of overseas assets after Sweden's 16 per cent devaluation in October. Sales were up from SKr 7.1bn to SKr 9.4bn in 1982.

The profit corresponds to earnings per share of SKr 68, and the board has recommended a dividend for the year of SKr 15 per share, up from SKr 12.5 in 1981.

Skandia's profit in the Swedish insurance business dropped from SKr 342m in 1981 to SKr 150m in 1982 due mainly to inflation and heavy claims. Insurance losses abroad, at SKr 60m, represent an improvement over last year's SKr 109m. Total profit on insurance activities was SKr 70m, with the remainder of pre-tax profit, SKr 470m, being generated by return on investments. Return on total capital grew 22 per cent.

Burlington Northern slightly ahead

By Our Financial Staff

BURLINGTON NORTHERN, the U.S. railway and resource company which earlier this month agreed to take over El Paso, the Houston energy company for \$900m, has reported a modest rise in earnings.

Net profits for the fourth quarter were \$81.5m, or \$2.13 a share, compared with \$79.2m, or \$2.06, a year earlier. Full year net profits were \$283.5m, or \$7.39, against \$272.2m, or \$7.02.

The 1982 earnings were boosted, however, by a \$102.2m extraordinary gain from the sale in May of the groups Burlington Northern Air Freight unit to Pristion Company. The unit is the second largest air freight forwarder in the U.S.

Revenues for the fourth quarter dipped to \$1.11bn from \$1.13bn, leaving full year revenues down at \$4.2bn, from \$4.52bn a year earlier.

Grupo Alfa seeks more time from creditors

By Our Financial Staff

GRUPO Industrial Alfa, the financially troubled Mexican industrial concern, has asked its creditors for a 90-day modified continuation of its corporate and debt restructuring plans.

Alfa, the country's largest private enterprise, met more than 150 creditors in Houston Texas last week. It said it needed more time to work on the plans outlined last December. The company has made no interest payments on its US\$2.3bn of debt for about nine months.

The group, which ran into a severe financial crisis last year because of deteriorating business conditions and the devaluation of the peso, plans to divide its assets into two new holding companies.

The new Alfa will consist of Hylsa, Grupo Alfa's successful steel operation, and four petrochemical subsidiaries - Petrocel, Poliolez,

Nylon de Mexico and Fiquiza. It is hoped it will be run as a continuing business.

The group's other assets will be placed in a liquidating trust, provisionally called Zeta. Proceeds from selling off its assets in the next five years will help pay Grupo Alfa debts.

Any debt remaining after Zeta is liquidated would be serviced by subordinated debt securities issued by the new Alfa. The plan was drawn up by Lehmann Brothers Kuhn Loeb, the merchant bankers.

Some bankers are concerned about certain aspects of the plan. One question is the fate of loans taken out by a unit which will end up in Zeta although the loan was originally guaranteed by an operation to be placed in the new Alfa holding company.

Européenne de Banque in asset transfer

By David Marsh in Paris

COMPAGNIE Financière de Suez, the state-owned French holding company, has taken over from the former Banque Rothschild industrial and property participations worth a total FFr 504m (\$73m), the institutions announced yesterday in a joint communiqué.

The announcement sets the seal on a long-discussed project to restructure the Rothschild bank, which has changed its name to Européenne de Banque, by having off its non-banking activities to a financially stronger partner.

The transfer took effect retroactively from January 1. The most important stake transferred was Européenne de Banque's 13.8 per cent share in the mining holding company, Imetal, which has run into difficulties from its stakes in the loss-making Penarroya and Le Nickel mining companies.

Correction of publication on 24th January, 1983.

Bank of Ireland
U.S. \$75,000,000
Floating Rate Capital Notes 1992

In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 24th January, 1983 to 24th July, 1983 the Notes will carry an Interest Rate of 9 1/8% per annum. The interest payable on the relevant interest payment date, 25th July, 1983 against Coupon No. 2 will be U.S. \$477.12.

By Morgan Guaranty Trust Company of New York, London Agent Bank

INTERNATIONAL COMPANIES and FINANCE

AYALA CHIEF BUYS 16% STAKE

Boardroom battle for control of San Miguel

BY EMILIA TAGAZA IN MANILA

TWO of the Philippine's largest companies have become embroiled in a major boardroom battle involving the country's leading private concerns, Ayala, the large property and banking conglomerate, is attempting to unseat the leadership of San Miguel, the Philippine's largest company.

The Ayala group holds the single largest share of San Miguel's capital stock and is represented on San Miguel's board mainly by Mr Enrique Zobel, Ayala's president and patriarch. It was Mr Zobel's recent purchase of a substantial block of San Miguel shares under his personal account that fuelled speculations that he is seeking a change in the company's chairmanship. San Miguel's present chairman is Mr Andres Soriano, a cousin of Mr Zobel.

Last week Mr Zobel bought approximately 11m San Miguel

shares, worth some 215m pesos (US\$23m), giving him personal control of 16 per cent of the total. The purchase was made by different Ayala companies and the transfer of Ayala's corporate ownership in San Miguel to Mr Zobel's hands would give him better control over these shares.

Remarkable timing

The timing of this share purchase is remarkable in that it came just a few months before the scheduled annual stockholders meeting of San Miguel. Mr Zobel does not deny that the buying spree is a move to consolidate his position in San Miguel, of which he is currently vice-chairman. His priority, as a director, is "to put the San Miguel house in order."

Some of Mr Zobel's staff say that he had been surprised that diversification in San Miguel had gone faster than he had

expected and that this could have adversely affected its profitability.

Mr Zobel's main complaint is against the "secretiveness" of San Miguel's senior executives.

"I am vice-chairman of the board but I honestly don't know what is going on," he said. He referred to a recent board resolution where directors delegated all their powers to the chairman Mr Soriano. One director representing Ayala has filed a formal complaint with the Securities and Exchange Commission over this and has asked that the resolution be declared illegal.

San Miguel's officials say that its top executives may have withheld certain information from the Ayala Group but this was because Ayala had recently been diversifying into areas similar to its own.

Ayala's main lines of business are real estate development,

industrial manufacturing, and banking but it has recently ventured into agribusiness and food processing, which have been San Miguel's traditional lines.

Although Mr Zobel claims that he is not seeking San Miguel's chairmanship, he adds that he will not refuse if the stockholders vote him in to the post. Stockbrokers expect, however, that Mr Soriano's group will brace itself for a big corporate fight just to keep the chairman's seat away from Mr Zobel, if only because his Ayala Group is becoming increasingly involved in businesses that directly compete with San Miguel.

Four years ago, a wealthy Filipino-Chinese tried to get onto the board but San Miguel successfully barred him as he was also involved in the food manufacturing and processing sectors.

Last year San Miguel experienced its first full year of profits for a decade. For the first six months of 1982, net income amounted to 147.2m pesos, compared with a net profit of 164.8m pesos for the same period in 1981.

Tight conditions

San Miguel attributed the decline in tight market conditions which prevented the company from raising the prices of its products to compensate for cost increases.

Ayala's profitability has also taken a beating, with net earnings declining by 10 per cent, compared with last year, to 151m pesos. This year, Mr Zobel expects conditions to worsen, with his company reducing its total number of employees by 10 per cent and also reducing its budgets by 10 per cent.

Earnings slump at Alcoa of Australia

By Michael Thompson-Nool in Sydney

ALCOA of Australia, the leading alumina and aluminium producer, suffered a 40 per cent slump in net profits for the year to December, from A\$102.1m in 1981 to A\$61.1m (US\$59.9m). But for the weakening of the Australian dollar against its U.S. counterpart, which boosted export revenues and added A\$18m to net profit last year, things would have been worse.

Net profit for 1982's fourth quarter was A\$59.9m, against A\$21.8m for the same quarter the previous year, confirming a progressive deterioration throughout the year. Sales totalled A\$960m, against A\$869m in 1981.

Construction activities were badly hit by depressed conditions. Alcoa completed a new alumina refinery at Wagerup, in Western Australia, last June, but has put it in mothballs at a maintenance cost of A\$1m a month. In addition, completion of stage one of the A\$1bn Portland alumina smelter in Victoria, has been deferred from late '83 to mid-'85 at the earliest.

International markets for alumina and aluminium last year, said the company, were the worst for many years.

The company said in Melbourne last night that it would "continue to seek solutions" to the impact of aluminium in world markets, its ability to attract equity partners for Portland, and the negotiation of a new power contract in Victoria. The directors said the short-term outlook for alumina and aluminium markets was not encouraging, and would continue to be reflected in low selling prices.

Bank support for Orient Finance

BY OUR FINANCIAL STAFF

DAI-ICHI KANGYO BANK yesterday announced that it will continue to extend its full support to the Orient Finance company the shares of which fell sharply at the end of last week.

Last Friday the Tokyo stock exchange designated the shares of Orient Finance, Japan's second largest consumer financing company, as requiring close supervision following rumours of bad debts. Dai-ichi Kangyo has a holding in Orient Finance an share is also a sizeable foreign holding in the group.

Orient Finance shares came under heavy selling pressure, chiefly from foreign investors, when the bad debt rumours circulated around the market. The company's shares were traded heavily on Thursday last

(with a volume of 32m shares) and closed at ¥1,520 (US\$5.02), some ¥20 below the previous day's level.

Despite Orient Finance's total denial of the rumours that it had run up a large amount of bad debt, or that it had made an unrecoverable concealed loan to Mr Ichiro Nakagawa, the politician who committed suicide recently, the company was inundated by selling orders on Friday. Foreigners alone seemed to have put up over 5m shares for sale.

Securities companies who are underwriting a new 28m share issue for Orient, such as Nippon and Kangyo Kakumaru, seem to have bought close to 50m shares in Orient Finance in the past two days almost doubling the number of the shares on offer.

Dai-ichi Kangyo Bank said in a statement that Orient Finance's business had been smooth and estimated that its turnover will rise by 50 per cent to ¥1,455bn in the year ending March 31.

According to the bank Orient Finance is expected to register a ¥6.5bn rise in pre-tax profit to ¥25.5bn for the year.

Orient Finance said it estimated its total depreciation for bad loans in the year at ¥4.7bn or 0.38 per cent of its total assets, far below the legal ceiling of 1.8 per cent. Its average individual loan is about ¥200,000.

The newly-offered shares will bring Orient Finance's total equity to ¥28.3bn, the company said, with foreign ownership slightly lower at 18.3 per cent.

Improved margins at Dunlop SA

By Our Johannesburg Correspondent

DUNLOP, the South African tyre and rubber products manufacturer which is 51 per cent owned by Dunlop Holdings of the UK, increased its profits in 1982 despite a decline in turnover. Trading profits increased by 17.2 per cent to R38.1m (\$94m) while turnover fell by 5.5 per cent to R129.8m.

Trading conditions deteriorated progressively throughout the year largely as a result of a slow down in the motor vehicle market. In addition, market conditions were aggravated, the directors say, by heavy imports. Nevertheless the company improved its product and marketing mix and this, coupled with tight controls on costs and efficiencies, led to the profit improvement.

Total dividends of 75 cents have been declared for 1982 from earnings of 135 cents a share. In 1981 earnings were 128 cents a share and a dividend total of 72 cents was paid.

Spain lifts capital minima for foreign bank branches

BY TOM BURNS IN MADRID

FOREIGN BANKS that have applied to open branch operations in Spain have been informed that the minimum capital requirement of Ptas 750m under existing legislation will be increased to Ptas 2bn (US\$15.6m).

The increase in the capital requirement is the first change, in the ground rules established in 1978 which opened the captive Spanish banking market to foreigners. Some 30 foreign institutions have since opened branches in Spain.

The move directly affects five banks—Wells Fargo, First Interstate of California, Sumitomo, Credit Commercial de France and Banca Commerciale Italiana—which the representative offices in Madrid had applied for authorisation to start operations over the past 18 months. The banks said the increase would prompt a re-think on whether to maintain the application.

A Bank of Spain spokesman stressed that the bank was not opposed to the authorisation of new foreign branches and that the decision to raise the "security" level was a government one. The move appeared to reflect thinking in the new socialist economic team that foreigners willing to come into Spain should commit themselves more fully than up to now.

While changed ground rules had been widely expected there was surprise that the Government intends to impose the Ptas 2bn requirement retroactively to bank applications already in the pipeline.

The new minimum security level could tempt foreign institutions keen on entering Spain to opt for buying instead an ailing Spanish bank from the Corporacion Bancaria, the so-called bank "lifeboat." So far only Barclays and Banque Nationale de Paris have taken this initiative.

CUB acquires holding in Gadsden

By Our Sydney Correspondent

AUSTRALIA's Cariton and United Breweries (CUB) has spent almost A\$25m (US\$24.5m) on acquiring a 19.1 per cent stake in J. Gadsden Australia, a packaging group.

CUB bought the stake from ACH International, the Australian manufacturing and resources group, whose slump in profits in the half-year to last October—aggravated by soaring interest costs—has prompted a sale of assets aimed at freeing up to A\$100m.

Gadsden is already a pulp supplier. The move is regarded as a long-term investment. It could also cause a shake-out in relationships between Australian brewing and packaging groups, given that Gadsden is a major producer of metal cans.

It is thought likely that CUB will eventually move to acquire the rest of Gadsden.

All of these securities have been sold. This announcement appears as a matter of record only.

January, 1983

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Siebe Gorman Holdings PLC

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Siebe Norton, Inc.

a company formed to acquire the

Safety Products Division

of

Norton Company

We initiated this transaction, served as financial adviser to Siebe Gorman Holdings PLC, and arranged financing for Siebe Norton, Inc.

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January 1983

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Gulf International Bank BSC	Morgan Stanley International
Société Générale de Banque S.A.	S. G. Warburg & Co. Ltd.

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UK COMPANY NEWS

Interest rate falls boost surplus at Alexanders Discount

BY OUR FINANCIAL STAFF

ALEXANDERS DISCOUNT achieved net profits of £3m in 1982, an increase of £1.2m over the previous period, mainly as a result of falling interest rates. The final dividend is lifted to 13.5p for a total of 20p, compared with 16.5p.

The directors of this money and securities brokerage group report that the level of resources throughout the year enabled a larger portfolio to be carried. This is reflected in the balance sheet total at the year end of £830m, against £644m. This included bills discounted £280m (£312m), sterling certificates of deposit £240m (£16m), and a net holding of government securities in £23m (£4m). Other securities totalled £50m of which £37m (£49m) were variable rate local authority securities.

The increased level of the company's resources will enable better advantage to be taken of trading opportunities as they occur.

Notwithstanding the uneven nature of profits from year to year, the directors will endeavour to maintain a steady growth in dividends, they say. The increase in the profit and loss account carry-forward will be considered to be available for this purpose should it be necessary.

The company has benefited for the first time from tax relief arising from leasing activities during the year. A substantial part of the relevant tax is considered unlikely to be payable in the foreseeable future and has been transferred to contingency reserve.

The year's profit was struck after ceasing and tax, and making a transfer to contingency reserve. The general reserve goes up from £3m to £7m after transferring £1m from profit and loss and a similar amount from contingencies.

The published and capital reserves will be up to £14.48m (£11.38m).

Mary Kathleen to pay 15c for 1982

BY KENNETH MARSTON, MINING EDITOR

A VETERAN among uranium mines, the Rio Tinto-Zinc group's Mary Kathleen Uranium in Queensland finally ceased production in October last year after a somewhat chequered career stretching back to the summer of 1958. Financially, the Australian company is having a final fling.

Net profits for 1982 come out at A\$10.4m compared with A\$1.74m in the previous year, although it is pointed out that earnings for 1981 would have been A\$7.48m with the exclusion of abnormal items and adjustments to the tax provision.

The company is declaring a dividend for 1982 of 15 cents which compares with 2 cents for 1981, the latter being the first dividend since 1964. Furthermore, it is hoped to make a partial capital return when the plant and equipment have been sold and the cost of rehabilitation more accurately assessed.

Uranium oxide production last year rose slightly to 850 tonnes and when operations ceased there were sufficient stocks to meet contract commitments. The auction of remaining assets is to be held in April.

Japan may aid Philippine copper mines

THE Philippine Government has asked Japan for an emergency credit in yen equal to \$125m to aid the Philippines' copper mining industry which has been hit by low metal prices, it is reported from Tokyo.

Although Japan already provides an annual yen credit as part of its policy of providing developing countries with low interest credit for industrial development projects, it has not so far moved into relief financing.

However, it is thought that the Japanese may agree to the Philippine Government's request because Japan depends to a large extent on the Philippines for copper concentrates and has invested in some of the copper mining companies there.

Amax mine closures 'indefinite'

THE CONTINUING recession in the world steel industry and its impact on the market for molybdenum has now led the world's leading producer, Amax, to declare the indefinite closure of its big Climax and Henderson molybdenum mines in Colorado.

After a period of below capacity working both the Climax and Henderson mines embarked on temporary closures last year as did the group's big Kitzault mine in British Columbia. It was subsequently announced that Climax and Henderson would remain closed until at least April this year.

For the first nine months of last year Amax recorded a net loss of \$145.6m compared with a net profit of \$216.6m in the same period of 1981. The company recently issued 2m shares in order to effect the cancellation of \$48.6m debt in the shape of debentures held by Lehman Brothers, Kuhn Loeb.

RESULTS IN BRIEF

■ DAVID S. SMITH
Packaging materials manufacturer

Half-year to Oct 31	1982	1981
Sales	2.80m	3.77m
Pre-tax profit	212,000	804,000
Tax	80,000	291,000
Attributable profit	132,000	513,000
Earnings per share	2.2p	5.3p
Dividend	2.5p	2.5p

■ THE INDEPENDENT INVESTMENT COMPANY
Investment trust

Half-year to Dec 31	1982	1981
Sales	—	—
Pre-tax profit	401,000	125,000
Tax	186,000	67,000
Attributable profit	215,000	58,000
Earnings per share	0.7p	0.14p
Dividend	—	—

■ P. H. INDUSTRIALS
Joinery & shopfitting

Half-year to Oct 31	1982	1981
Sales	706,380	—
Pre-tax profit	88,481	20,498
Tax	51,210	10,570
Attributable profit	37,271	9,928
Earnings per share	2.47p	1.13p
Dividend	1.5p	—

■ RAEURN INVESTMENT TRUST
Investment trust

Year to Nov 30	1982	1981
Sales	—	—
Pre-tax profit	3,49m	3,01m
Tax	1,32m	1,09m
Attributable profit	2,16m	1,92m
Earnings per share	2.09m	1.84m
Dividend	7.5p	6.5p

■ STOCK CONVERSION & INVESTMENT TRUST
Property investment trust

Half-year to Sept 30	1982	1981
Sales	—	—
Pre-tax profit	1.50m	5.75m
Tax	3.40m	2.80m
Attributable profit	3.97m	2.95m
Earnings per share	5.87p	5.33p
Dividend	1.75p	1.75p

■ WILLIAM SOMMERVILLE & SON
Paper maker

Half-year to Nov 30	1982	1981
Sales	2.40m	2.27m
Pre-tax profit	47,000	48,000
Tax	16,000	25,000
Attributable profit	31,000	23,000
Earnings per share	4.55p	3.30p
Dividend	0.50p	0.50p

■ STIRLING GROUP
Garment manufacturer

Half-year to Sept 30	1982	1981
Sales	1.50m	1.51m
Pre-tax profit	549,000	528,000
Tax	285,000	275,000
Attributable profit	264,000	253,000
Earnings per share	4.74p	4.50p
Dividend	0.5p	0.4p

JOB CUTS AND CLOSURES

Dowty edges ahead with £17m

BY OUR FINANCIAL STAFF

DOWTY GROUP reported pre-tax profits of £18.7m, against £18.7m for the half-year to September 30, 1982, after writing off £3.48m against £0.37m, in redundancy and closure costs. Sales increased by £36.71m to £197.91m.

The redundancy and closure costs all occurred in the first half. Over £3m of these costs were attributable to the group's aerospace and defence division, made necessary by the attenuation of long term contracts because of the poor worldwide market for new aircraft and reduced utilisation of those in service.

Sir Robert Hunt, the chairman,

says that at the year end, group sales will have increased but partly due to redundancy costs and increased competition for the available business, it is doubtful if the group profit margin will have kept pace with sales growth.

In the circumstances, he says operating profits may be a little in excess of last year's £39.76m. For the six months under review, operating results were up from £18.45m to £17.83m.

With the half-time tax charge higher at £8.46m, compared with £6.6m, stated earnings per 50p share slipped from 5.5p to 5.2p. The interim dividend, however, is

stepped up from 1.55p to 1.85p net—last year's total payment was 3.7p and pre-tax profits came to £20.14m.

The sales trend established last year, indicating an increase in overseas and exports with a standstill in sales at home, continued throughout the first half of the current year.

There has been a significant change in the mix of profits between the various divisions. The margins in aerospace and defence have been eroded, while mining and industrial have maintained their margins, with a higher level of sales in mining.

As predicted last year, the electronics division has improved substantially both in sales and profit. Some of the addition was attributable to the inclusion for the first time of five months input from the newly acquired RFL Company in the U.S., but an improved UK contribution was the most significant proportion.

Mining division sales have held up well this year both at home and overseas, but unless the world economy improves in the near future, there must be doubt over the medium term requirements for capital investment in coal mining, the chairman warns.

Six month decline in profits for SEET

By Our Financial Staff

SALES of Scottish, English and European Textiles (SEET) showed a modest increase from £4.81m to £4.98m, but pre-tax profits for the half year to October 31 1982 fell £81,000 to £220,000.

Mr J Mackenzie, the chairman, says it is hoped the recent decline in the value of sterling will assist the group's export business, improving its second-half figures.

At the last annual meeting in September the chairman said current figures indicated a similar profitability to the same period last year, as a result of the worldwide recession and market resistance to the then strong pound.

The interim dividend again absorbs £40,000 leaving a retained balance down from £135,000 to £95,000.

SCOTTISH, ENGLISH & EUROPEAN TEXTILES

Half-year to Oct 31	1982	1981
Sales	£4.98m	£4.81m
Pre-tax profit	220,000	301,000
Tax	167,000	280,000
Attributable profit	153,000	121,000
Earnings per share	3.45p	4.26p
Dividend	1p	1p

Superdrug to seek full listing

By Dominic Lawson

SUPERDRUG, the part U.S.-owned self-service drug store retailer, is coming to the market for a full stock exchange listing, probably in the first half of February.

The company, which has a network of 143 stores, was formed in 1966, and has enjoyed rapid profits growth. From under £1m pre-tax in the year to February 1977, profits have risen to almost £4.4m last year.

Mr Godfrey Pond of Baring Brothers, Superdrug's bankers, confirmed yesterday that the market value placed on the company would be in the region of £50m (£80m). Mr Pond added that about 25 per cent of the equity would be offered to the public, the minimum possible under Stock Exchange regulations.

At present 42.5 per cent of the Superdrug equity is held by the U.S. drug store company Rite Aid Corporation. In July 1971 Rite Aid took a 50 per cent stake in Superdrug, at which time the British company had only 16 outlets.

After the flotation, Rite Aid, which at one point wanted to acquire the remaining Superdrug equity, will hold no more than 30 per cent of the shares.

Mr Pond would not specify whether new money would be raised by the offer, or whether existing shares would be sold.

FIH recovers in third quarter

BY OUR FINANCIAL STAFF

A GOOD third quarter has enabled Ferguson Industrial Holdings (FIH) to recover, and produce results for the nine months to November 30 1982 just ahead of the comparable figure in 1981. Strong performances from the two main divisions, building supplies and printing and packaging, were the main factors in the surge.

At the halfway stage pre-tax profit had fallen behind by £287,000, mainly as a result of the continuing poor performance of the giftware division. However, by the end of the nine months' period the profit had

recovered and was actually £20,000 ahead at £2.89m compared with 1981.

Mr Denis Vernon, chairman, says the building supplies division saw an encouraging increase in activity, and it added over £300,000 to its half year profit of £825,000.

Printing and packaging solved most of its problems in time to take advantage of the seasonally buoyant demand for some of its specialised products, and it added £1.1m profit in the third quarter alone.

Engineering came out of the doldrums, but there is still a long way

to go before it reaches an acceptable level of trading.

Civil engineering sales were down on last year, and a lower contribution from this division was expected.

Giftware continues to find difficulty in reaching an adequate level of sales.

In the year to February 28 1982, the group earned a pre-tax profit of £3.42m and paid a dividend total of 5.7p. An unchanged interim dividend of 2.2p has already been paid for the present year.

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1982-83	Company	Price	Gross Yield	P/E	Fully
High	Low		Change div. (p)	%	Actual
134	122	Ass. Brit. Ind. Ord.	152	6.4	8.8
152	117	Ass. Brit. Ind. CULS.	152	10.0	6.6
74	57	Amersburg Group	66	6.1	5.2
46	36	Armstrong & Rhodes	37	4.3	11.6
280	197	Barton Hill	280	11.4	3.9
123	100	CCL 11pc Conv. Pref.	123	15.7	12.8
270	240	Concord Group	243	17.6	7.2
88	56	Debonair Services	243	6.0	10.3
153	125	Frank Horsell	153	7.9	5.2
83	51	Frederick Parker	86	5.4	9.7
55	38	George Blair	38	—	—
100	75	Ind. Precision Castings	75	1.3	8.7
135	100	Int. Conv. Pref.	135	15.7	11.6
128	94	Jackson Group	127	7.5	5.9
172	111	James Barrugh	172	5.5	5.6
280	170	Robert Jenkin	170	20.0	11.8
83	54	Scruttons "A"	73	5.7	7.8
187	117	Torday & Carlisle	117	11.4	9.7
23	21	Unilever Holdings	25	0.48	1.8
85	71	Walter Alexander	74	6.4	8.6
257	214	W. S. Yeates	257	14.5	5.6

Prices now available on Prestel page 48146.

Racal interim results 28th consecutive record

The unaudited pre-tax profit for the half-year ended October 15th, 1982, amounted to £46,977,000 (1981 £38,436,000) an increase of 22.2%.

Taxation for the half-year is estimated at £18,081,000.

Turnover for the half-year was £359,067,000 (1981 £303,503,000) an increase of 18.3%.

An Interim Dividend of 5.566% net of tax (previous year 5.06% net of tax) will be paid on February 21st, 1983, to shareholders on the Register of Members on Shareholder 10th, 1983.

These satisfactory results have been achieved despite the world recession which is affecting certain sectors of our business where delays are being experienced in the placing of orders. The Group is also having to contend with increased international competition, especially in the field of data communications.

As a consequence of both these problems the rate of profit increase for the full year to March 31st, 1983, will be less than that for the first 28 weeks.

However, the overall trading position continues to be strong and the prospects for the future growth of the Company are very good.

Forecast breakdown of full year turnover: Capital Goods only

Data Communications	29
Radio Communications	28
Marine Electronics	11
Defence Radar & Avionics	10
Energy & Related Technologies	6
Other Business Activities	16

PERCENTAGES

RACAL The Electronics Group
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December 1982

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

SOME £15m-£20m of cheap money for small and medium-sized companies in the UK will shortly be made available by the European Community.

Details of the funds—which have been earmarked under the New Community Instrument (NCI) or the Ortolli facility as it is popularly known after the commissioner who pioneered it—are expected to be announced formally in London later this week. The funds will represent an important addition to Community financial facilities already provided for small and medium-sized businesses.

The NCI was introduced for the first time in 1978. It empowers the European Commission to borrow funds and deposit them with the European Investment Bank (EIB) which then lends them to investment projects conforming with the Community's "priority" objectives—namely energy, industry and infrastructure.

The significance of the new UK scheme, which was first briefly outlined in Parliament before Christmas, is that small and medium-sized businesses have now been recognised as a sector needing this special help. Thus for the first time subsidised EEC finance will be on offer to small firms in, say, London and the Home Counties as well as in the Assisted Areas (where companies have to be located to qualify for existing EIB loans) and coal and steel closure areas (where it is necessary to be based to receive European Coal and Steel Community aid).

Not every business, however,

The Ortolli facility

More cheap EEC funds to be made available throughout the UK

BY TIM DICKSON

will be eligible to apply for the Ortolli facility.

Companies are likely to have to persuade the Department of Industry that the project for which the funds are earmarked would not have gone ahead without this assistance.

The £15m-£20m—which is an initial tranche—will be paraded out by UK agents such as some of the clearing banks and the Industrial and Commercial Finance Corporation.

The loans will be available to firms with up to 500 employees for a fixed eight-year term and at a fixed rate of interest. Loans will be made for half the cost of the fixed assets up to a maximum of £250,000.

As with the current EIB and ECSC loans, NCI funds should be cheaper than normal commercial facilities because they come in a cocktail of currencies bearing a low interest rate. The Government, meanwhile, provides an exchange risk guarantee as insurance against currency fluctuations so that the borrower's repayment liability is fixed wholly in sterling. The

cost (including the exchange risk cover premium) should be of the order of 11 per cent.

Ministers will no doubt hope that the Ortolli facility and the 1983 European Year of Small and Medium-Sized Enterprises—launched at a conference in Brussels last week—will draw greater attention to Community schemes generally.

John MacGregor, the Industry Minister with special responsibility for small firms, said recently that he was "conscious that to a great many small businessmen the prospect of borrowing from European institutions is a daunting one."

It can also be time-consuming. Big companies have the administrative resources both to find out what is available and to tailor their project to comply with the conditions. Small businesses, risk-averse and precious management time if an application is unsuccessful.

Eurofin (UK), a private company which specialises in helping companies through the maze of Community assistance and which has produced a de-

tailed Guide to European grants and loans, points out that the major financial incentives offered are outright grants from the European Regional Development Fund, training and employment grants from the European Social Fund and the soft loans from ECSC and the EIB.

In the past, explains Gay Scott, a director of Eurofin, the Regional fund has been of little interest to the private sector since the UK Government, like most member states, has simply pocketed the money as recompense for its own regional assistance.

"The current trend," she adds, "is towards a more flexible approach and better access for small and medium sized businesses under the 'non-quota' section—currently only 5 per cent of the fund's total resources."

Social fund grants depend on a sizeable public sector contribution, which can be difficult to obtain in these times of constrained public expenditure. Public sector support, how-

ever, is not a prerequisite for the 90 or so individual research funds on the Community's books. In general they will make available 50 per cent of the finance projects for research projects in fields such as biotechnology, energy, information, technology, raw materials and textiles. The UK Government, however, has a strong say in which projects are funded so it is essential to gain official support.

This leaves the loans from EIB and ECSC, which are being made more widely available by means of "global" schemes with intermediaries such as the clearing banks and ICF.

Interest rates are fixed and perhaps because of this the take-up recently by small firms has been disappointing. With interest rates generally no longer in "free fall" ECSC and EIB loans are beginning to look more attractive.

Interest on ECSC loans is currently fixed at around 11.5 per cent but an additional

feature is a 3 per cent per annum rebate of interest for the first five years from ECSC. Applicants have to be based roughly within a 10 to 15 mile radius of a coal or steel closure location and prove that they can provide jobs suitable for redundant coal and steel workers. The UK agents include ICF, Barclays Bank, National Westminster Bank (which joined for the first time last week), the Co-operative Bank and the Scottish and Welsh Development Agencies. Most have a £15,000 minimum and a £100,000 maximum but ICF will go up to £1m. Loans are for eight years and are for up to half the fixed asset costs of a project.

EIB "global" loan agents meanwhile, include ICF, Midland Bank, Clydesdale Bank and the Scottish and Welsh Development Agencies. The minimum is £15,000 with an upper limit usually of £100,000 though ICF and Midland can go up to £2m. Businesses have to be located in the Assisted Areas, create or safeguard jobs in tourism or manufacturing industry. Interest is currently fixed at 11 per cent but unlike ECSC, there is no interest rate subsidy.

* Available from Eurofin, 25 London Road, Northbury, Berks, RG13 1LL. Price (inc p + p) £11.50.

The London office of the Commission of the European Communities publishes a less detailed guide, "Finance from Europe". Available free from 20 Kensington Palace Gardens, London W8 4QQ.

Secondment benefits enterprise trusts, says Tim Dickson, but...

The supply of people is drying up

THE development of enterprise trusts locally based agencies set up to provide advice and other support for small firms—could be held up by a shortage of big company secondaries to run them.

This is the worrying message from Business in the Community, the organisation set up in 1981 to encourage big business to take a wider economic and social interest in local communities.

"The indications are that the situation is deteriorating rather than improving," comments Tony Pelling of BIC.

Of the 85 enterprise agencies established by the end of last year, three quarters are managed by secondaries from a narrow band of large companies—including ICI, Rank Xerox, Marks and Spencer, Whitbread and the clearing banks.

"The present growth of agencies, with 50 to 60 at various stages of development and a possible target of 200 by the end of 1983, clearly shows that the problem is acute," adds Pelling.

Many companies, he believes, are still ignorant of the value of secondaries, not only as a means of increasing their community involvement but as a management training tool. "The secondaries bring expertise and experience which the receiving organisation could not otherwise afford to buy in. It is given an opportunity to practise and test business skills in an alternative environment and to develop previously unused skills."

In an attempt to spread the secondment "gospel" more widely, BIC is organising a conference on the role of business in the community to be held in London on April 13. It will be chaired by Sir Alastair Pilkington and other speakers will include Sir Hector Laing and Len Peach of IBM. The organisers are particularly keen to attract chief executives and senior management. Further details from Business in the Community, 91 Waterloo Road, London, SE1. Tel: 01-325 6423.

In brief...

THE Financial Times will be publishing a seven-page survey on "Pensions for the individual" this Saturday. It will discuss both executive and self-employed schemes.

"TOURISM in Royal Berkshire"—a one day workshop on tourism and catering—will be held on February 7 at New Shire Hall, Shinfield Park, Reading. Speakers will include representatives from the Hotel, Catering and Training Board, the Thames and Chilterns Tourist Board, English Bank, the Abingdon and Lloyds Bank. The abba cost is £10. Details from Ansel Harris, director of Berkshire Enterprise Agency. Tel: Reading (0734) 587715.

THE attractions of factoring—primarily a means of exchanging book debts for ready cash—was highlighted last week by the collective results of the nine members of the Association of British Factors. Factored turnover in 1982 was up 17 per cent at £2,365m but more significantly the value of bad debts absorbed on behalf of clients doubled from £2.2m to £4.5m. Bad debt protection is normally part of the factor's service and is incorporated in the charges. More details on factoring from the Secretary, ARF, 11th Floor, Moor House, London Wall, EC2Y 5HE. Tel: 01-438 4090.

THE Leicestershire Small Firms Centre has just published a second edition of "Which Voice"—a guide to 11 organisations ranging from the Confederation of British Industry to the Alliance of Small Firms and Self-Employed People and the National Association of Shopkeepers.

* Available from the Leicestershire Small Firms Centre, 20 New Walk, Leicester. Price £1. Cheques payable to Leicestershire County Council.

Impressive response to world conference on policy

WHAT single feature is shared by the economies of the U.S. and Nepal, of Japan and Papua New Guinea, and of the UK and China? The answer is that the vast majority of manufacturing enterprises in each nation come into the category of "small and medium" sized.

This common element provided the basis last week for the staging in Japan of the world's first international conference on policy towards small enterprises (INCOSEP).

The conference, held in Osaka and sponsored by Japan's Ministry of International Trade and Industry, was attended by 26 country delegations (not counting observers) and by 10 Cabinet level ministers of industry or planning. It appears to

have been a major success—at least in terms of the amount of goodwill and the sense of shared interests and values generated.

When MITI planned the conference it expected to attract a positive response from five or six Cabinet ministers at most, but in the end only two major countries—France and West Germany—declined, though Germany did send observers. The UK delegation was led by Patrick Jenkin, the Industry Minister, who took the opportunity to have a lengthy session discussing bilateral economic problems with the Japanese MITI minister.

Speeches by INCOSEP delegations nearly all stressed the immense importance of the small company sector in each

Promising link-ups were created despite the extreme diversity of small company sectors.

country's economy (in the case of Japan 99 per cent of all private companies are small and medium) while over 50 per cent of the manufacturing workforce is employed in this sector).

The image of each country's small business sector varied enormously. A speech by the Nepal Minister of Industry, Commerce and Supplies, Balam Gharti Magar, treated

small companies almost entirely in terms of traditional cottage industries and related the country's gratitude at receiving Japanese assistance for the upgrading of traditional paper-making.

In contrast the U.S. delegate described his government's \$300a year programme for channelling official procurement contracts to the small company sector.

The British delegate told the conference that one in three existing jobs and two out of three new jobs in the UK were in the small company sector and claimed that since the advent of the Thatcher Government more than 100 new measures had been introduced to aid small companies.

The extreme diversity of the small company sector in the 26 countries represented at INCOSEP may have limited the amount of cross fertilisation that resulted from the conference, but there do appear to have been some promising link-ups.

At the end of day one, the Thai Ministry of Industry, General Chatichai Choonhavan, revealed that Japan had agreed to send a team of experts to Thailand to study the possibility of introducing the Japan-

ese subcontracting system into Thailand.

A parallel event to INCOSEP, organised in a neighbouring hotel by the Osaka Chamber of Commerce, was an international convention of small company presidents. At the convention businessmen from several dozen nations, mainly in east Asia, met over a four-day period to discuss joint ventures and technical ties.

The INCOSEP conference probably helped to inject some much needed warmth into Japan's relations with its trading partners—only the U.S. delegation raised the subject of trade frictions during the conference itself and then only in a very general manner.

Charles Smith

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EU The Economist Intelligence Unit EU Special Report No. 115

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TECHNOLOGY

WORD PROCESSORS NOT THE FASTEST GROWING MARKET

An accolade for typewriters

BY GEOFFREY CHARLISH

THE FACT that Keith Wharton's latest review of word processing lists an astonishing 120 models of screen based systems from 26 manufacturers somewhat disguises the fact that this is not the fastest growing segment of the market at all. The accolade goes to the more than 100 electronic typewriter industry, the market base of which has risen from 50,000 in 1980 to about 200,000 last year and is likely to reach about 400,000 in 1984.

Screen based (CRT) word processors on the other hand will manage to rise from about 30,000 to perhaps 50,000 over the same four years.

However, even the electronic typewriter has a long way to go because a report late last year from MIL Research stated that there are about 650,000 UK companies with ordinary typewriters while another 730,000 do not even have a machine of any kind.

In any event, as the Wharton report points out: "From nothing in 1978, expenditure on electronic typewriters now represents 33 per cent of the total spent on word processing equipment."

Who is winning all this business? If KW's figures are to be believed, it is certainly not IBM—which is rather surprising in view of IBM's considerable success over the years with electric (dial ball) machines. Indeed, one explanation may be that IBM is stuck with its own installed base of such machines.

There are a modest dozen or so companies with electronic typewriter offerings; Olivetti comes out on top with 30 per cent of the 1982 European shipments, followed by Olympia with 34 per cent and Triumph

Adler with 17. The Japanese, which have appeared more recently (1981), have taken 5 per cent, while "American suppliers" are listed at a mere 1 per cent.

The significant point about electronic typewriters is that they can be made more cheaply and at about three times the speed of electromechanical machines. As initial design and automation costs are recouped says the report, prices will drop at least until 1985.

Users

Wharton Publishing's figures are likely to be accurate—the company has been looking at the word processing industry since 1974 and claims to be the European office automation environment continuously. The database covers 10 countries.

In the screen-based market Wang has 22 per cent of the European 1982 shipments while Philips and IBM tie for second place with 19 per cent each. Rank Xerox secured 15 per cent, AES 14 per cent, while the remaining 11 per cent is shared by the other 21 suppliers.

Britain, frequently accused of not deploying new technology, is the second largest user of WP in Europe, with 22 per cent of the installations. Only West Germany with 31 per cent has more. France is next with 17 per cent.

Anyone thinking about installing word processing could do a lot worse than acquire a copy of the report, which is entitled "The International Office Automation Guide 1983: Vol 1, Text Processing Equipment". Apart from reviewing the market, this new report, which is very modestly priced at £30, provides

detailed listings of electronic typewriters, text editors, additional WP software available, management workstations, phototypesetters and dictation equipment.

The report quite rightly pays a good deal of attention to the correct choice of equipment—and by no means simple for the well-informed. What it says, in essence, is to avoid rushing into anything and to "learn everything there is to learn about the typing in the organisation."

Apert from more obvious data such as the amount of work involved, there are other aspects such as the level of revision necessary in the organisation's documents and the extent to which standard parts of a document are repeated. So the requirements of say, a mail order company, where a small percentage of non-standard text (names, addresses etc) is going into large numbers of otherwise standard letters, will differ from those of say, a handbook compiler, where fast and convenient text revision is the key need.

All this and more should be incorporated into a "benchmark" (acceptance standard), based on a close study of the nature of the work. Hints are given on how to size the installation and on how to arrive at a shortlist of suppliers (in which financial standing, durability, service facilities and the training offered will have played a part).

For benchmarking, each supplier should be asked to demonstrate his machine's performance, taking care to specify exactly the same documents and exactly the same amount of processing in each case. It is then possible, says the

report, to use a weighted comparison system in which performance of various aspects, duly weighted, are scored for the various companies on the short list.

Equipment choice is hardly the end of the story of course. There are such matters as annual maintenance charges and the provision of supplies such as paper and ribbons to keep the machines in action. An extreme case is quoted of single strike carbon ribbons for printers. They can cost up to 26 each, so that for heavy users, costs of £2,000 to £3,000 annually might result.

Paper, too, might quite easily be used at a rate greater than that for conventional typewriters because some printers waste surprising amounts, either due to design or to the way they are used. It should also be borne in mind that of the service calls, WP installations, some 50 per cent relate to printers.

Problems

All these hurdles have to be jumped, but there is one remaining—implementation. The report says: "The most difficult thing in designing any word processing system is not the selection of the right equipment. It is getting the co-operation of people."

The problems can range from remembering, for example, that a four screen shared system can easily emit 3kW into an otherwise well heated room, to dealing with the unions involved and keeping the management informed.

"If you omit to educate the management," says Wharton, "they will be quite capable of sabotaging the system."

PERSONAL COMPUTER SOFTWARE

IBM launch opens floodgates

BY ALAN CANE

AS PREDICTED, IBM's launch of its personal computer (the PC) has opened the floodgates to a deluge of software written to run on it.

Among the first packages are: ● A version of CP/M 86, Digital Research's 16-bit equivalent of the industry standard 8-bit operating system CP/M, selling for only £42. IBM offers two operating systems on the PC-PC/DOS from Microsoft priced at about \$50 and CP/M 86 priced around \$240. So Digital is undercutting IBM on its own product by some 75 per cent.

Gary Kilad, Digital Research President says: "We believe the low-cost computer market holds tremendous potential. This announcement is a natural step in our strategy to make high quality software products widely available through retail channels by pricing them within the reach of the consumers."

● Digital also announced a new software product DR LOGO which is designed to make computers more accessible to the layman. It has also announced an interpreter for DR LOGO to run on the PC. DR LOGO is claimed to be simple to learn and use yet powerful enough to perform advanced applications programming.

Digital Research will give more details on 0835 35304. ● Peachtree Software, a subsidiary of the major U.S. software house, Management Sciences America (MSA) which has been developing software for the PC under licence from IBM, announces accounting packages and a number of office productivity tools including a spelling proof reader, list manager, financial modeller and colour graphics.

A suit of Business Management Systems written in Micro-Focus Cobol is expected once IBM has increased disc capacity on the PC.

● Appropriate Technology has a system called Arabstar which is both PC/DOS and CP/M-86 compatible and which allows bilingual word processing on the PC. According to the company Arabstar is designed to be easy to learn for non-experienced users. Arabic and English text can be mixed on the same line or side by side on the screen divided into two halves.

All Baghdad, managing director of Appropriate Technology said: "We have received a firm order for 250 systems with the prospect of 1,000 more in Saudi Arabia alone."

Appropriate Technology (Apt-8) is on 01-625 5573.

Communications

Japanese reports

A BRITISH company specialising in communications with Japan has concluded that the Japanese do not provide enough high quality data in English for us to evaluate effectively what they are up to.

The company, Mitaka, is therefore, setting up Japanese report titles, to be described as "a new and unique service which will keep British companies in touch with Japanese research and trade strategies. The first three report titles, to be launched on March 1 will cover pharmaceuticals, bio-science and biotechnology, and food science and the food industry.

Ian Gow, research director of Mitaka, believes that the west must systematically monitor Japanese science and industry. "Not to do so could have dire consequences for western industry," he claims.

The company seems to have the right kind of staff. Clive Smith, for example, managing director, went to university in Tokyo to learn Japanese (his wife is Japanese), and the company has developed from what was originally a translation service.

One idea that Smith and his staff are anxious to dispel is that all the best Japanese research is in any case published in English. They believe that this is a sweeping generalisation and is effectively preventing important knowledge reaching Europe. More on 0925 311126.

Microcomputer Chip-size package

HIGH Integrity Systems, a small UK company based in Sawbridgeworth, Hertfordshire, has built a board level microcomputer around the remarkable IAPX chip set announced last year by Intel, the leading U.S. micro-electronics company.

The IAPX is a set of chips which provides 32-bit processing power—the U.S. company describes it as a micromainframe offering the power levels associated with large minicomputers in a chip-sized package.

Lovell for Management Contracting

The High Integrity Systems implementation, the HIS 432, involves two printed circuit boards, one carrying the processor, the other the memory and input/output circuitry.

These two boards are a fully operational IAPX computer. According to High Integrity Systems, the computer will be of interest to organisations developing systems running under "Ada," the U.S. Department of Defense real-time language.

High Integrity can supply HIS 432 boards together with Intel's Ada compiler and runtime operating software. A single entry level system costs £66,600 — the largest configuration costs £18,700.

Amplifiers New RCA series

RCA has developed a new series of operational amplifiers which provide the advantages of metal oxide on silicon (MOS) and bipolar transistors on a single monolithic chip.

The CA3240 series features a standby power consumption of 300 nanowatts; they contain a high gain front end and a low impedance FET/bipolar output. Supply current, bandwidth and slew rate are programmable using a single external resistor. More from RCA on 09327 85511.

Modems Under £200

STEEBEK Systems of Reading has announced modems covering 300 bit per second, 1,200 bit per second and view-data applications costing under £200.

The devices can be supplied as stand alone boxes or as rack mount cards and conform to either V21 or V23 CCITT standards and are approved for use by British Telecom.

Answer and auto-dial is available on all models. Steebek is on 07357 4319.

PRINT ECONOMICS 'REVOLUTION'

Electronic publishing on demand

ACCORDING TO Mr Don Wilson, the managing director of Rank Xerox (UK), some graphics and laser printing equipment that his company is now producing "will cause a total revolution in the economics of the publishing industry."

It will come about claims Mr Wilson, via electronic publishing or "publishing on demand."

He believes this is because such systems can produce, very quickly, short or long run publications at the moment they are needed, as opposed to the conventional methods of typesetting, manual make-up, plates, offset printing and so on.

The conventional methods, he claims, result in long runs for stock in order to achieve economy. Frequently, too many are printed and thrown away, he claims.

The new Rank Xerox graphics system merges scanned line art work and photographs, or computer generated graphics, with the text and then prints complete publications on a Xerox 8700 or 8700 laser/xerographic printer.

The system will accept artwork in two ways. It can be placed on the platen of the model 150 input station where it is optically scanned, digitised, and transmitted to the printing station via an Ethernet cable.

In the printer the graphics are merged with text. Alternatively, images already in a computer in digital form can be moved to the printer via magnetic tape or over an IBM channel. More on 0895 51133.

NETWORKING

Unit for use over same coaxial cable

MESH DATA of Peterborough has developed an electronic unit that will allow both an IBM 3278 terminal and broadband network equipment to be used over the same coaxial cable.

The development is based on the observation that many IBM users already have installed large "star" networks of RG 62 coaxial cable with cable runs to each terminal. With the new unit, these users will be able to create broadband networks without recabling.

The IBM signals down the cables are of the "baseband" variety, so that only about 2 per cent of the inherent bandwidth (data capacity) of the cable is used.

MESH DATA's unit is essentially a filter that separates the high frequency broadband signals from the lower frequency baseband data. Then, says the company, complete broadband networks such as Sytek Localnet and the 2M Interactive system can be implemented without new cables. More on 0733 314491.

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SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday January 25 1983

WALL STREET

Headlong plunge into a selloff

SELL ORDERS swamped the New York Stock Exchange at yesterday's opening bell, and trading in dozens of stocks was delayed well into the second hour of the session as the Dow Jones industrial average fell headlong until late in the morning.

By noon the Dow was off almost 30 points to 1023.45, with the tape running 18 minutes late. The market steadied itself in mid-session and some blue chips recovered a little ground, but by 2pm the Dow was still off 28.12 at 1028.86, with more than 60m shares traded.

Last week's hopes that Opec would reach agreement over oil prices and production seemed to have succumbed over the weekend to fresh uncertainties about the whole direction of Opec policy, even ahead of confirmation of the Geneva talks breakdown. After Friday's heavy selloff in the U.S. bond markets, similar uncertainty appeared once again to be affecting investors' views about the future of dollar interest rates.

Analysts also cited indications of market sentiment which suggested a remarkable level of confidence among

investors - itself an alarming event for many analysts on a technical basis - and they said a stream of poor quarterly earnings and discouraging statements from Washington had since belied this confidence.

One key disappointment was undoubtedly IBM's fourth quarter results, announced late on Friday. Its U.S. net income for 1982 was up 34 per cent but the market appeared to have been looking for an even bigger jump. At mid-session IBM was down 1% to \$93.4.

The warning from Sheikh Yamani, the Saudi Oil minister, about lower oil prices did nothing to help the general market and even less to help the oil sector. Many had late openings and fell sharply, with Standard Oil of Ohio down 1% to \$37.75 and Standard of Indiana, which announced 1982 earnings of \$6.25 a share against \$6.56, down 54% to 40.

Even harder hit were the oil service stocks. Schlumberger fell 3% to \$47.4, Halliburton 2% to \$34.4 and Sedco 3% to \$30.9. Hughes Tool by early afternoon was down 1% at \$21, having announced fourth quarter earnings of 21 cents a share against \$1.31.

It was not a market that any corporation would choose with lower earnings to report. Three others which did yesterday were Digital Equipment down 3% to \$101.1, Ashland Oil down 1% to \$29.4 and Arco down 1% to \$16.7. Those with better earnings included Merrill Lynch which gained 3% to \$59.4 and First Chicago, up 3% to \$19.4.

Worst placed of all were clearly those affected by adverse company news. Gen-

eral Electric, which is having to contend with potentially grave problems over its engines fitted to the Boeing 787, was down 1% to \$92. Westinghouse was told by the U.S. Justice Department not to proceed for the moment with a major disposal, and this had knocked its stock price off 1% to \$41.4 by mid-afternoon.

In the bond and money markets, Friday's storm appeared to have moved on. Steady trading in the Federal Funds market kept their rate around its opening 8% per cent level. Three and six-month Treasury Bills were down 10 to 15 basis points ahead of the weekly bill auction.

Government bonds opened lower in the face of overseas selling, said dealers, but later recovered some of their losses in thin trading.

In Toronto the exchange's composite index reflected an erosion of confidence from the outset. It suffered one of its steepest first-hour falls - of nearly 50 points, taking it below the 2,000 mark - and by mid-session was 58.4 off at 1,966.2.

All 14 major sectors were lower, with golds and oils worst hit. Declines had about a 10 to one predominance over advances. Banks fared particularly badly in Montreal.

LONDON

Water seeps in to raise oil pressure

STERLING'S collapse to its worst-ever level against the dollar yesterday put London stock markets under severe pressure. Values tumbled across the board as investors worldwide became anxious about the immediate outlook for the pound now that lower oil prices seem inevitable.

Fears that the recent downturn in short-term U.S. interest rates could be reversed following last week's unforeseen sharp acceleration in the growth of U.S. money supply was another major cause of concern.

All sectors opened easier, reflecting Opec member states' difficulties over production quotas, and later reports that North Sea prices might be cut by \$2 to \$3 a barrel within the next few days hit sterling further and stock markets quickly followed. Gilt-edged securities reversed a mid-afternoon attempt to rally and closed at the day's lowest with falls stretching to 2% points.

Political uncertainties over a national water workers' strike also had an adverse effect. The FT Industrial Ordinary index closed 13.7 down at 605.7.

South African gold shares were sharply weaker after moderate dullness in the bullion price. U.S. investors were said to be panicking about prospects after the sector's recent heady rise to record levels. As a result, the FT Gold Mines index suffered one of its largest-ever drops to close 38.8 down at 601.2. Last Wednesday it had peaked at 664.2.

Golds tried to rally towards midday, but yesterday's poor trend at the opening on Wall Street put paid to this and prices closed at the day's lowest. Trading was more active than of late, but all the business was in one direction.

London financials were featured by Gold Fields, down 35p to 503p, while Rio Tinto-Zinc lost 21p to 483p and Charter 19p to 223p. Australians mostly closed a little lower with the exception of one speculative exploration stock, Enterprise Gold Mines, up 7p to 40p.

AUSTRALIA

Miners slip

A WEAKENING resource sector pulled Sydney prices slightly lower in a moderately active session. Golds and heavy-weight miners suffered most.

GMK fell 50 cents to A\$11 and Western Mining 15 cents to A\$4.10. The All Ordinaries index eased 3.0 to 537.6, reflecting a 5.7 drop in the All Resources marker to 433.1. Many industrials managed a late improvement, and losses overall outnumbered gains 150 to 87 with 164 unchanged.

An easing bullion price also brought declines for most miners in Melbourne trading. Oils traded narrowly and finished mixed, with Santos four cents ahead at A\$5.70.

SOUTH AFRICA

Steep falls

HEAVY selling of gold issues manifested itself in Johannesburg as the bullion price retreated, with losses extending to R9 in the case of heavyweight Randfontein, which ended at R171.

Falls of more than a rand were common among cheaper priced producers. Elandsrand was R1.70 lower at R12.50.

Mining financials followed, with Anglo-American off R2 to R22.60 and AngloGold R7.50 at R147, and the rest of the market eased in sympathy. Barlows, the industrial leader, shed 40 cents to R12.60.

FAR EAST

Tokyo slide enters second week

THE RECEDED possibility of an early cut in the Japanese discount rate, as the yen continued to weaken against the dollar, further depressed sentiment among Tokyo stock investors yesterday, with an added element of caution ahead of the opening debates of a new parliamentary session.

In thin volume of 210m shares, the Nikkei-Dow Jones market average shed 58.37 to end at 7,833.99. This followed a plunge of 97.05 in Saturday's trading for a fall of 434.40 on the week. The market continued to be overshadowed by record levels of outstanding debt on margin purchases accumulated in a sustained buying spree at the turn of the year.

Computer makers, vehicles, precision, light electricals, shipbuilders and steels eased on scattered selling. Domestic interest rate considerations also affected trading houses, consumer credit concerns, electric power companies and other large capital issues.

Oils were sold on the yen's weakness. Nippon Oil - which later announced a cut in wholesale prices of petrol, light oil and kerosene - lost Y21 to Y960.

Selective buying was evident, however, in drugs, chemicals, paper pulp makers and construction companies.

Orient Finance, which came under heavy selling pressure towards the end of last week on rumours of sizeable bad loans, relinquished another Y20 to Y1,250 in fairly active trading. A company denial of the reports was followed yesterday by a statement from Dai-ichi Kangyo Bank, which holds some 3.6 per cent of Orient, reaffirming its support.

It said an issue last week of 28m new Orient shares at Y1,335 had been fully subscribed, with payment completed in the four-day acceptance period.

Keisei Electric Railway, the day's volume leader with 45.72m shares traded, gained Y15 to Y252.

Fairly active late buying in Hong

Kong left prices on their day's highs after a lower opening, depressed by Wall Street weakness and the U.S. dollar's strength against its local counterpart.

Substantial support was found as the Hang Seng index drifted to around the 850 mark, nearly 13 points down mid-way. It finished 7.51 up at 879.60.

Hang Seng Bank itself added 75 cents to HK\$47.50 while other leaders ended unchanged to slightly higher.

Selective Singapore dealings in moderate volume took prices somewhat lower. Malayan Credit eased six cents to S\$3.22, Fraser and Neave and Singapore Land 5 cents each to S\$7.15 and S\$7.10 respectively.



EUROPE

Scala mobile pact brings Milan to life

THE WEEKEND agreement between Italian unions and employers to impose limits on the country's scala mobile wage indexation system brought a sharp rally on the Milan stock market yesterday, led by the big industrial issues which were in strong and sustained demand.

Olivetti, Italcementi Dalmine, Pirelli SpA, Snia Viscosa and Montedison added as much as 5 to 6 per cent in value. In after-bourse trading Fiat was the focus of buying after a forecast of positive 1982 results in a letter to shareholders.

It closed L113 up at L1,893 but moved on unofficially to touch the L1,900 mark.

Brokers expected a continuation of the upward trend in the short-term, with final approval in prospect for long-awaited enabling legislation for investment funds which should enhance confidence.

Fears about the future course of West German interest rates dominated a sluggish session in Frankfurt after the Bundesbank's decision last week not to opt for an early cut in the Lombard discount rates and expressions of caution from the U.S. Federal Reserve.

Leading shares opened weak and extended their losses through the day. Car makers featured poorly, with BMW off DM 4.70 to DM 217.50, Daimler Benz DM 4.80 to DM 377.80 and Volkswagen DM 2.80 near its day's low at DM 138.40. This was despite federal figures showing a reduced market share for foreign manufacturers last year.

The market was also required to evaluate dual-edged comments by Herr Helmut Schlesinger, Bundesbank vice-president, who said a further general softening in the interest rate structure was possible, but at a slower pace than had occurred over the past 15 months.

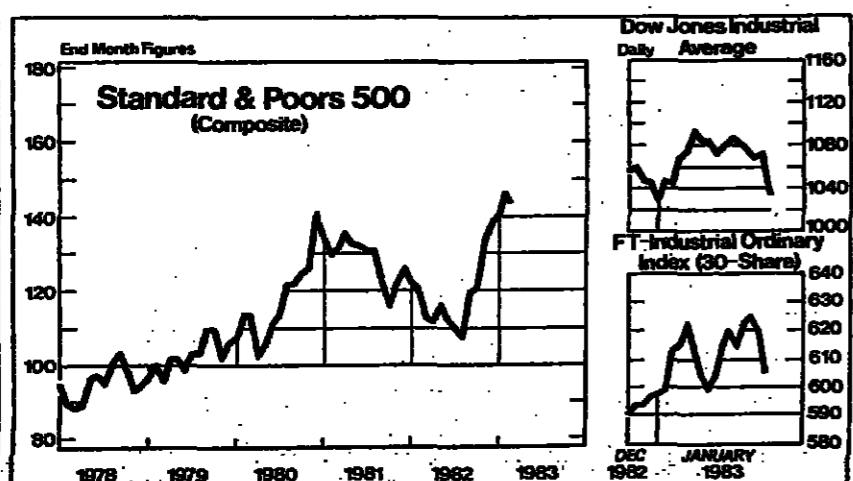
Banks also fared badly. Commerzbank ended DM 2.20 lower at DM 125.10, Dresdner DM 3.80 at DM 133 and Deutsche Bank DM 1.80 at DM 260.20.

On the domestic bond market, where prices were severely depressed, the central bank had to buy DM 254.4m in public paper to provide the required balance. Sentiment was not helped by what dealers described as the aggressive terms of a new 7% per cent 10-year federal railway issue.

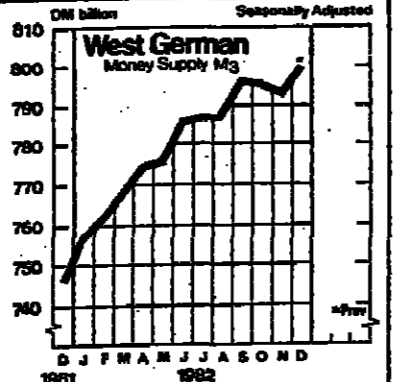
Movements on markets elsewhere in Continental Europe were more restrained, with the surging dollar, Wall Street stock jitters and interest rate uncertainties as subduing factors common to Zurich, along with a weaker bond market; Brussels, where falls in domestic stock values extended to 4 per cent; and Amsterdam, where Dutch internationalists took the brunt of the selling.

Paris provided a firmer picture in active trading at the start of a new monthly account, buoyed to some extent by a fall in call money rates by a quarter-point to 12% per cent. In Stockholm, mixed overall, Asea in electricals suffered a SKr 7 setback of SKr 318.

KEY MARKET MONITORS

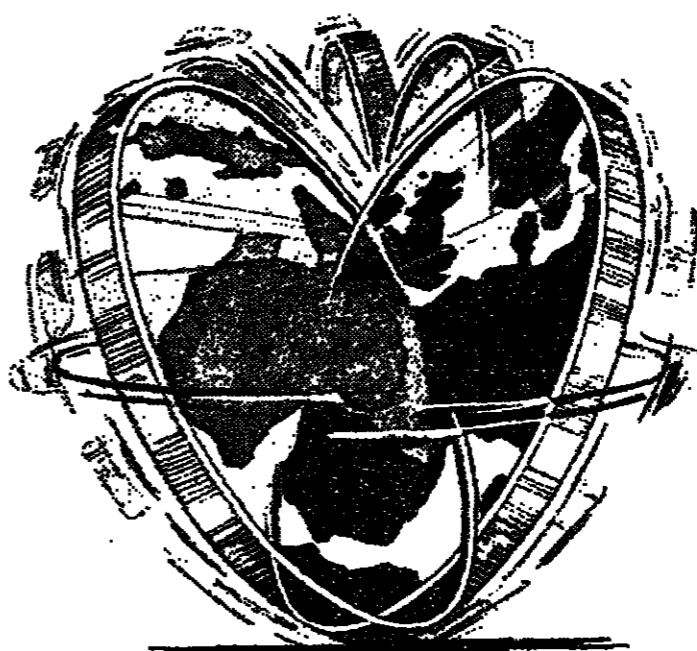


STOCK MARKET INDICES				
NEW YORK				
DJ Industrials	1028.86	1052.25	Year ago	845.03
DJ Transport	437.74	448.78		342.03
DJ Utilities	123.39	125.05		104.06
S&P Composite	139.50	143.85		115.38
LONDON				
FT Ind Ord	605.7	619.4	557.7	
FT-A All-share	387.41	389.61	319.85	
FT-A 500	420.99	423.45	420.99	
FT-A Inds	393.29	395.29	308.47	
FT Gold mines	601.2	640.0	272.3	
FT Govt secs	77.0	78.34	63.52	
TOKYO				
Nikkei-Dow	7,833.99	7,892.36	7,828.36	
Tokyo SE	575.85	579.89	577.92	
AUSTRALIA				
All Ord	537.6	540.5	543.6	
Metals & Mins	477.7	488.4	382.4	
AUSTRIA				
Credit Aktien	49.71	48.47	54.78	
BELGIUM				
Belgian SE	105.97	105.80	87.06	
CANADA				
Toronto Composite	1986.1*	2024.5*	1740.8	
Montreal Industrials	342.89*	351.30	257.56	
Combined	328.89*	336.51	285.20	
DENMARK				
Copenhagen SE	104.25	104.66	n/a	
FRANCE				
CAC Gen	104.10	104.1	105.40	
Ind. Tendance	108.0	105.5	112.2	
WEST GERMANY				
FAZ-Aktien	241.92	244.55	223.32	
Commerzbank	728.30	738.8	682.8	
HONG KONG				
Hang Seng	879.60	871.99	1405.28	
ITALY				
Banca Com. Gen.	180.48	175.77	180.19	
NETHERLANDS				
ANP-CBS Gen	103.1	105.7	87.1	
ANP-CBS Ind	87.9	90.2	66.5	
NORWAY				
Ose SE	116.39	114.63	n/a	
SINGAPORE				
Straits Times	759.84	765.6	777.82	
SOUTH AFRICA				
Golds	977.2	1048.2	527.3	
Industrial	821.3	823.4	705.6	
SPAIN				
Madrid SE	101.22	101.22	127.27	
SWEDEN				
J & P	1008.13	1011.28	856.52	
SWITZERLAND				
Swiss Bank	294.8	299.1	258.5	
GOLD (per ounce)				
London	\$478.00	\$483.50		
Frankfurt	\$478.25	\$483.75		
Zurich	\$475.50	\$482.50		
Paris	\$480.28	\$480.15		
New York futures (Feb)	\$480.4*	\$485.0		



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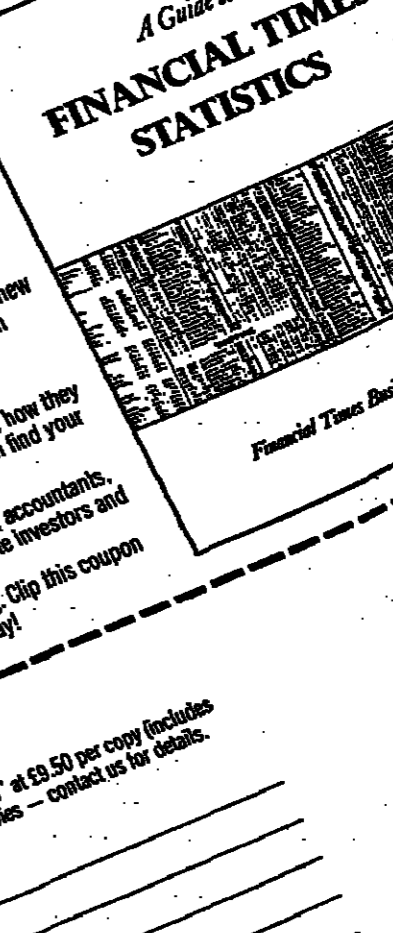
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COMMODITIES AND AGRICULTURE

Sterling fall against the dollar boosts London copper price

BY JOHN EDWARDS, COMMODITIES EDITOR

THE FALL in the value of sterling against the dollar, and later against European currencies brought a generally firmer tone on the London Metal Exchange yesterday in spite of the drop in gold and precious metal prices.

Cash prices of high-grade copper closed 55.25 up at 1988 a tonne but lost ground in later trading following a Reuters report that the strike at Southern Peru Copper Corp. in Toquepala appeared to be ending with workers going back. Strikers at the company's El Cajon mine and its smelter are also expected to return to work soon ending the walkout on January 6.

Another depressing influence was yet another rise in copper stocks held in LME warehouses. The increase in stocks of 5,550 tonnes taking total holdings to 271,600 tonnes—the highest level since March 1979—was the 16th successive rise since the build-up in stocks started last September when holdings were 136,800 tonnes.

Tin stocks rose by 135 to 33,145 tonnes. However, the market was buoyed up by further support buying by the Intercontinental Tin Council and prices reached the highest level since February last year.

Traders say the apparent objective of the tin stockpile is to raise London prices to the Straits time price level in Penang. At present, currency rates this would be around 23.300 a tonne. Yesterday, standard grade cash tin was 130 up at 27,945 a tonne moving slightly above the three months quotation.

The bullion spot price of silver was cut by 22.1p to 791.49p an ounce as the morning fixing bid values were firmer in afternoon trading.

The drop in gold, which closed 57.50 down at 476 a ounce, brought lower free market platinum and silver prices. Free market platinum fell to 440 (285.50) an ounce. The dollar quotation was 513.50 down against a peak of 517.25 a week ago, but the sterling equivalent was only 22.75 lower.

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Low duty for Thai tapioca to continue

By Jonathan Sharp in Bangkok

THE EEC will continue to accept tapioca from Thailand at the low import duty of 6 per cent although in theory much of the Thai produce qualifies for a considerably higher tariff, say EEC officials.

Talks in Bangkok between community experts and Thai Foreign Trade officials ended inconclusively late last week. They will resume in September.

Under EEC regulations, only tapioca in the form of hard pellets qualifies for the low duty rate. The bulk of the Thai exports are in soft or "native" pellets which tend to disintegrate.

The EEC officials said more than 50 per cent of the Thai pellets arrive in EEC ports looking more like flour or meal, and as such should be charged import duties of 28 per cent.

Thailand's problems over converting production entirely to hard pellets and will continue to turn a blind eye to the problem in 1983.

The lack of major concern to Thailand. Tapioca is the country's second largest export, and more than two-thirds of the exports go to EEC countries where tapioca is used as a cheap animal feed.

Thai officials maintain that as Thailand has already agreed to limit its exports to the EEC under quotas set late last year, any further barriers to the trade would be unfair.

The Thai also point out that some European importers prefer the tapioca in soft pellets because they are easier to mix in with animal feed than the hard pellets.

Malaysia to review attitude to rubber

BY WONG SULONG IN KUALA LUMPUR

THE Malaysian Government is to reassess the future of its rubber industry, in the light of depressed prices and changes in consumption patterns.

Datuk Paul Leong, Primary Industries Minister, announced the setting up of a review committee of rubber exports, said the committee should report its recommendations by the end of the year.

The committee, which will include several international rubber specialists, has been asked to look into the supply and demand in the elastomer market over the next 20 years, whether Malaysia should devote so much land and money to rubber cultivation, and whether present research, development and marketing should be less biased toward the needs of Western-based consumers.

In retrospect, the Malaysian Government has been misled by the projections of rubber experts in the past, who forecast an increasing demand for the commodity throughout the 1980's.

Several international organisations, dealing with agricultural commodities, were talking in the late 1970's, of a shortage of natural rubber in the region of half a million tonnes in 1985, and a projected price level of as high as 5 Ringgit (£1.38) per kilo.

Partly in response to these optimistic views, Malaysian private estates slowed down their conversion from rubber to oil palm, while the Government started its "dynamic rubber production" policy under which public agricultural agencies such as FELDA and RISDA, gave a greater bias to rubber cultivation in their land schemes.

In the past three years, world natural rubber consumption had declined by an average of 4 per cent a year, while output rose by 5 per cent. The fall in rubber production, the change by longer lasting radial tyres and the trend towards smaller cars, led to sharp falls in rubber consumption.

Malaysia's official exchange (GES) is to become a public company as a first step towards tightening control over rubber trading.

An extraordinary general meeting of GES members to approve the change is to be held on February 11.

This move follows Dr Goh Keng Swee, deputy prime minister's announcement in Parliament last month that all traders in gold futures would have to be members of the GES. The change, from a private to a public company, will mean that the GES will be able to admit up to 100 members, double the number of shareholders it is now permitted.

Last October 24 gold dealing companies, investigated by government-appointed inspectors, following complaints that some trading companies, which were not licensed by the authorities, had accepted orders for gold futures on the New York Commodity Exchange but had failed to execute them.

Some companies allegedly traded on their own account, and in at least one case, absconded with clients' funds.

THE LONDON physical market opened unchanged, attracted little interest throughout the day and closed quiet. Lewis and Post reported a February buy order for No. 1 RSS in Kuala Lumpur at 101.5 (same) and a kg and SMR 20 172.5 (same).

NO. 1 YESTERDAY'S PREVIOUS BUSINESS
R.S.S. close close close
Month close close close
Feb. 101.5 101.5 101.5
Mar. 101.5 101.5 101.5
Apr. 101.5 101.5 101.5
May 101.5 101.5 101.5
Jun. 101.5 101.5 101.5
Jul. 101.5 101.5 101.5
Aug. 101.5 101.5 101.5
Sep. 101.5 101.5 101.5
Oct. 101.5 101.5 101.5
Nov. 101.5 101.5 101.5
Dec. 101.5 101.5 101.5

NO. 2 YESTERDAY'S PREVIOUS BUSINESS
R.S.S. close close close
Month close close close
Feb. 101.5 101.5 101.5
Mar. 101.5 101.5 101.5
Apr. 101.5 101.5 101.5
May 101.5 101.5 101.5
Jun. 101.5 101.5 101.5
Jul. 101.5 101.5 101.5
Aug. 101.5 101.5 101.5
Sep. 101.5 101.5 101.5
Oct. 101.5 101.5 101.5
Nov. 101.5 101.5 101.5
Dec. 101.5 101.5 101.5

NO. 3 YESTERDAY'S PREVIOUS BUSINESS
R.S.S. close close close
Month close close close
Feb. 101.5 101.5 101.5
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Nov. 101.5 101.5 101.5
Dec. 101.5 101.5 101.5

NO. 4 YESTERDAY'S PREVIOUS BUSINESS
R.S.S. close close close
Month close close close
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Apr. 101.5 101.5 101.5
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Nov. 101.5 101.5 101.5
Dec. 101.5 101.5 101.5

NO. 5 YESTERDAY'S PREVIOUS BUSINESS
R.S.S. close close close
Month close close close
Feb. 101.5 101.5 101.5
Mar. 101.5 101.5 101.5
Apr. 101.5 101.5 101.5
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Oct. 101.5 101.5 101.5
Nov. 101.5 101.5 101.5
Dec. 101.5 101.5 101.5

NO. 6 YESTERDAY'S PREVIOUS BUSINESS
R.S.S. close close close
Month close close close
Feb. 101.5 101.5 101.5
Mar. 101.5 101.5 101.5
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Nov. 101.5 101.5 101.5
Dec. 101.5 101.5 101.5

NO. 7 YESTERDAY'S PREVIOUS BUSINESS
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Month close close close
Feb. 101.5 101.5 101.5
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Nov. 101.5 101.5 101.5
Dec. 101.5 101.5 101.5

NO. 8 YESTERDAY'S PREVIOUS BUSINESS
R.S.S. close close close
Month close close close
Feb. 101.5 101.5 101.5
Mar. 101.5 101.5 101.5
Apr. 101.5 101.5 101.5
May 101.5 101.5 101.5
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Nov. 101.5 101.5 101.5
Dec. 101.5 101.5 101.5

NO. 9 YESTERDAY'S PREVIOUS BUSINESS
R.S.S. close close close
Month close close close
Feb. 101.5 101.5 101.5
Mar. 101.5 101.5 101.5
Apr. 101.5 101.5 101.5
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Oct. 101.5 101.5 101.5
Nov. 101.5 101.5 101.5
Dec. 101.5 101.5 101.5

USSR not likely to meet grain targets

MOSCOW

THE official Soviet grain target for this year has been set again at 238m tonnes. The current five-year plan is calling for average grain crops of between 238m and 243m tonnes.

However, poor weather conditions are likely to work against this target.

Grain harvest results for the past two years have been a state secret, but official figures show there have been as low as 150m tonnes and the 1982 figure about 176m tonnes.

Economics of Agriculture magazine reports that the 1982 sugar harvest was 71m tonnes—10m tonnes higher than the previous year but more than 20 per cent below target.

Sunflower seed output was 5.3m tonnes, per cent up on the poor 1981 yield. The short of the plan figure. Egg production rose by 2bn eggs to 72.1bn.

The cotton crop fell to 9.3m tonnes from the record 9.6m in 1981.

The potato crop was 78m tonnes, a rise of 6m over the previous year, and output of other vegetables rose more than 3m tonnes to 29m.

The cattle population rose slightly to 117m and the pig population to 76.5m.

The Government daily newspaper Izvestia said the 1981 figures to which output was compared were some of the worst in Soviet agriculture since the 1960's (Agencies).

Foot and mouth restrictions eased

DANISH authorities have lifted some of the restrictions imposed on January 14 when foot and mouth disease was discovered on a farm near Odense.

Island slaughterhouses with the exception of those in Odense itself may now resume work but restrictions on animal movement are still in force.

TEA workers in West Bengal staged a one-day strike to back pay demands.

SHIEL fishing is to be banned in the Wash of the South Lincolnshire coast. Mussels being landed at Boston are contaminated and are a potential health risk. Officials do not yet know if the pollution has been caused by oil or chemicals.

MALTESE farmers are refusing to take their goods to market until the government lifts its price freeze on agricultural goods. They have asked foreign governments not to export vegetables to the island.

THE Philippine Coconut Authority has eased regulations which prevented minor coconut oil millers from exporting.

INDIA plans to spend about Rs800 crore (US\$100m) to import edible oil. Delayed and inadequate rains have cut the major winter oilseed crop.

ISRAELI cotton crop reached 87,000 tonnes compared with 82,000 tonnes in 1981.

PAKISTAN has set its rice export target for the year ending June 1983 at 950,000 tonnes.

UNICORN Plant Breeders has introduced Panda, a two-row variety of winter barley.

Switch to \$ sugar pricing urged

BY DAVID MARSH IN PARIS

THE FRENCH Government should allow a switch to dollar pricing on the Paris white sugar market, says M. Michel, chairman of the French terminal market association.

A decision on the market's plan to change from franc to dollar quotation was "urgent", with the proposed switch to dollars on the London sugar market, he said.

The sugar sector is by far the most important commodity futures market in Paris, with volume rising last year by 17.9 per cent to 12.9m tonnes, a large multiple of trading activity in the city's rising cocoa and coffee markets.

Figures compiled by the association, show that contracts traded on the sugar markets in New York and London (which are now quoted in dollars) totalled 100.4m tonnes and 45.6m tonnes last year, down 18.5 per cent and 46.9 per cent respectively from 1981.

M. Wiart said any hesitation by the Government in converting the market to international pricing in dollars would be interpreted as a sign of weakness abroad and could have "serious" commercial consequences.

The sugar market was the leading market in Paris and it was "absolutely necessary" to support it, he said.

M. Wiart paid tribute to the Socialist Government for having presented a long-

promised reform of the Paris market to the Senate last year. The reform, leading to the setting up of a French Futures Market Commission, is expected to be put into place this year, with the National Assembly due to debate the matter in April.

M. Wiart called on French banks—now almost completely nationalised—to modify their traditional reticence towards the commodity markets and to adopt a more risk-oriented attitude towards investment.

The association would like the investment community to offer to clients commodity funds of the type which are commonplace in Anglo-Saxon countries.

Analysed Market Trading reported that in the morning high-grade cash copper traded at 110.10p a lb. The market was quiet, with a few trades at 110.10p, 110.15p, 110.20p, 110.25p, 110.30p, 110.35p, 110.40p, 110.45p, 110.50p, 110.55p, 110.60p, 110.65p, 110.70p, 110.75p, 110.80p, 110.85p, 110.90p, 110.95p, 111.00p, 111.05p, 111.10p, 111.15p, 111.20p, 111.25p, 111.30p, 111.35p, 111.40p, 111.45p, 111.50p, 111.55p, 111.60p, 111.65p, 111.70p, 111.75p, 111.80p, 111.85p, 111.90p, 111.95p, 112.00p, 112.05p, 112.10p, 112.15p, 112.20p, 112.25p, 112.30p, 112.35p, 112.40p, 112.45p, 112.50p, 112.55p, 112.60p, 112.65p, 112.70p, 112.75p, 112.80p, 112.85p, 112.90p, 112.95p, 113.00p, 113.05p, 113.10p, 113.15p, 113.20p, 113.25p, 113.30p, 113.35p, 113.40p, 113.45p, 113.50p, 113.55p, 113.60p, 113.65p, 113.70p, 113.75p, 113.80p, 113.85p, 113.90p, 113.95p, 114.00p, 114.05p, 114.10p, 114.15p, 114.20p, 114.25p, 114.30p, 114.35p, 114.40p, 114.45p, 114.50p, 114.55p, 114.60p, 114.65p, 114.70p, 114.75p, 114.80p, 114.85p, 114.90p, 114.95p, 115.00p, 115.05p, 115.10p, 115.15p, 115.20p, 115.25p, 115.30p, 115.35p, 115.40p, 115.45p, 115.50p, 115.55p, 115.60p, 115.65p, 115.70p, 115.75p, 115.80p, 115.85p, 115.90p, 115.95p, 116.00p, 116.05p, 116.10p, 116.15p, 116.20p, 116.25p, 116.30p, 116.35p, 116.40p, 116.45p, 116.50p, 116.55p, 116.60p, 116.65p, 116.70p, 116.75p, 116.80p, 116.85p, 116.90p, 116.95p, 117.00p, 117.05p, 117.10p, 117.15p, 117.20p, 117.25p, 117.30p, 117.35p, 117.40p, 117.45p, 117.50p, 117.55p, 117.60p, 117.65p, 117.70p, 117.75p, 117.80p, 117.85p, 117.90p, 117.95p, 118.00p, 118.05p, 118.10p, 118.15p, 118.20p, 118.25p, 118.30p, 118.35p, 118.40p, 118.45p, 118.50p, 118.55p, 118.60p, 118.65p, 118.70p, 118.75p, 118.80p, 118.85p, 118.90p, 118.95p, 119.00p, 119.05p, 119.10p, 119.15p, 119.20p, 119.25p, 119.30p, 119.35p, 119.40p, 119.45p, 119.50p, 119.55p, 119.60p, 119.65p, 119.70p, 119.75p, 119.80p, 119.85p, 119.90p, 119.95p, 120.00p, 120.05p, 120.10p, 120.15p, 120.20p, 120.25p, 120.30p, 120.35p, 120.40p, 120.45p, 120.5

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TRADED OPTIONS

LONDON TRADED OPTIONS

CALLS

PUTS

Option		Jan.	Apr.	July	Jan.	Apr.	July
BP (USP 516)	280	28	46	—	01	6	—
" " " "	300	17	30	40	14	16	28
" " " "	350	10	12	24	16	24	42
" " " "	350	0 1/4	—	9	48	54	56
COF (USP 604)	480	117	128	180	1	2	7
" " " "	350	88	87	82	100	1	2
" " " "	450	47	63	74	14	14	20
" " " "	500	10	10	19	50	10	48
" " " "	550	2	21	37	50	47	75
CTD (USP 74)	70	5	9	12	1	2	6
" " " "	80	1	8	7	7	8	13
" " " "	90	0	1	—	17	16	—
" " " "	100	0 1/4	—	—	—	—	—
CUA (USP 142)	120	22	26	28	1	2	6
" " " "	130	13	17	21	1	4	8
" " " "	140	10	12	15	1	1	15
" " " "	160	1	1	7 1/2	21	24	29
GEC (USP 196)	157	40	—	—	2	—	—
" " " "	167	30	—	—	2	—	—
" " " "	177	20	—	—	2	—	—
" " " "	187	10	—	—	2	—	—
" " " "	197	4	18	25	6	14	20
" " " "	206	1	—	—	—	—	—
" " " "	217	1	9	25	26	27	20
" " " "	220	1	5	16	45	47	37
" " " "	237	—	—	—	—	—	—
" " " "	240	—	—	10	6	—	84
" " " "	260	—	2	6	68	68	72
GMH (USP 524)	214	181	—	—	1	—	—
" " " "	220	100	—	—	1	—	—
" " " "	240	25	26	—	1	—	—
" " " "	260	75	78	—	1	2	8
" " " "	300	85	88	67	1	5	4
" " " "	300	86	78	47	1	8	7
" " " "	350	1	16	27	4	12	16
" " " "	350	2	10	16	28	37	37
ICI (USP 264)	260	106	114	—	0 1/2	2	—
" " " "	290	86	94	—	1	2	8
" " " "	300	80	84	68	1	7	10
" " " "	330	36	44	34	1	7	10
" " " "	350	8	20	30	4	16	20
" " " "	350	1	1	1	15	35	40
LSR (USP 277)	240	28	42	—	1	8	11
" " " "	290	2	13	23	5	8	8
" " " "	300	2	14	20	5	14	13
" " " "	350	1	6	9	24	27	30
M & S (USP 198)	140	26	—	—	—	—	—
" " " "	150	39	45	31	1	1 1/2	—
" " " "	180	19	26	31	1	4	6
" " " "	200	3	12	1	1	10	10
" " " "	220	1	8	12	8	27	31
" " " "	240	0 1/4	3	6	44	48	50

CALLS

PUTS

Option		Jan.	Apr.	Jul.	Jan.	Apr.	Jul.
BHL (USP 412)	350	56	54	—	0 1/4	—	—
" " " "	280	28	26	46	11	12	13
" " " "	300	17	16	39	14	15	20
" " " "	460	1	18	14	—	54	56
BBL (USP 408)	350	—	—	—	2	—	—
" " " "	360	48	56	66	2	8	18
" " " "	380	—	—	—	—	—	—
" " " "	430	20	26	43	7	18	30
" " " "	480	8	16	25	19	25	45
IMP (USP 131)	90	51	32	—	—	1	—
" " " "	100	51	32	—	0 1/2	1	—
" " " "	110	12	16	20	1	4	5
" " " "	120	6	10	15	6	9	10
" " " "	130	—	6	—	11	17	—
LMC (USP 286)	280	22	27	50	10	16	24
" " " "	300	12	20	40	29	38	42
" " " "	320	6	7	24	47	58	62
" " " "	350	3	9	—	77	88	—
" " " "	390	—	—	—	107	112	—
LNR (USP 96)	60	27	—	—	0 1/4	—	—
" " " "	70	7	—	—	1	—	—
" " " "	80	17	18	15	2	2	2 1/2
" " " "	90	24	24	9	5	5	7 1/2
" " " "	100	2	6	7 1/2	6	12	12
P & O (USP 119)	100	21	24	27	1	2	—
" " " "	110	12	16	19	2	5	8
" " " "	120	4	13	5	5	8	14
" " " "	130	2	3	5	15	16	—
" " " "	140	1	8	—	22	24	—
" " " "	150	0 1/4	1	—	48	44	—
ROL (USP 474)	420	57	—	—	—	—	—
" " " "	460	26	9	—	—	—	—
" " " "	500	2	45	60	8	15	30
" " " "	520	2	11	22	8	20	30
" " " "	550	2	8	25	80	80	80
" " " "	600	1	10	120	120	120	120
" " " "	650	1	2	150	150	150	—
RTZ (USP 494)	350	240	—	—	—	—	—
" " " "	390	110	—	—	—	—	—
" " " "	420	118	—	—	1	2	2
" " " "	450	87	—	—	1	2	11
" " " "	460	57	87	1	2	3	13
" " " "	500	25	42	17	30	40	40
" " " "	550	5	18	26	57	60	67
VRF (USP 107)	55	62	—	—	0 1/4	1	—
" " " "	60	47	47 1/2	—	0 1/4	1	—
" " " "	70	27 1/2	26	—	0 1/4	1	—
" " " "	80	27	27 1/2	—	0 1/4	1	—
" " " "	90	17	25	—	0 1/4	1	—
" " " "	100	13	13 1/2	—	0 1/4	1	—
" " " "	120	3	12	7	7 1/2	8 1/2	15 1/2
" " " "	130	—	9	8	16	19	21

Jan. 24 Total Contracts 4,496

Calls 5,711

Puts 1,715

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01-248 8000, Extn. 3606

INDUSTRIALS—Continued

145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835																																																																																																																																																																					

LEISURE—Continued

[illegible]

PROPERTY—Continued

[illegible]

INVESTMENT TRUSTS-Cont

1928	1929	Stock	Price	Chg.	Vol.	Div.
129	129	Equity Corp. Cl. 1	168	22	11.71	1.0
130	130	Do. De'r 50p	252	11	10.71	1.0
131	131	For Equity Income	100	0		
132	132	F. & C. Eurovtr	72	1	10.04	1.0
133	133	F. & C. Eurovtr	72	1	10.04	1.0
134	134	First Nat'l Bank	178	1	10.05	1.0
135	135	First Nat'l Bank	178	1	10.05	1.0
136	136	First Nat'l Bank	178	1	10.05	1.0
137	137	First Nat'l Bank	178	1	10.05	1.0
138	138	First Nat'l Bank	178	1	10.05	1.0
139	139	First Nat'l Bank	178	1	10.05	1.0
140	140	First Nat'l Bank	178	1	10.05	1.0
141	141	First Nat'l Bank	178	1	10.05	1.0
142	142	First Nat'l Bank	178	1	10.05	1.0
143	143	First Nat'l Bank	178	1	10.05	1.0
144	144	First Nat'l Bank	178	1	10.05	1.0
145	145	First Nat'l Bank	178	1	10.05	1.0
146	146	First Nat'l Bank	178	1	10.05	1.0
147	147	First Nat'l Bank	178	1	10.05	1.0
148	148	First Nat'l Bank	178	1	10.05	1.0
149	149	First Nat'l Bank	178	1	10.05	1.0
150	150	First Nat'l Bank	178	1	10.05	1.0
151	151	First Nat'l Bank	178	1	10.05	1.0
152	152	First Nat'l Bank	178	1	10.05	1.0
153	153	First Nat'l Bank	178	1	10.05	1.0
154	154	First Nat'l Bank	178	1	10.05	1.0
155	155	First Nat'l Bank	178	1	10.05	1.0
156	156	First Nat'l Bank	178	1	10.05	1.0
157	157	First Nat'l Bank	178	1	10.05	1.0
158	158	First Nat'l Bank	178	1	10.05	1.0
159	159	First Nat'l Bank	178	1	10.05	1.0
160	160	First Nat'l Bank	178	1	10.05	1.0
161	161	First Nat'l Bank	178	1	10.05	1.0
162	162	First Nat'l Bank	178	1	10.05	1.0
163	163	First Nat'l Bank	178	1	10.05	1.0
164	164	First Nat'l Bank	178	1	10.05	1.0
165	165	First Nat'l Bank	178	1	10.05	1.0
166	166	First Nat'l Bank	178	1	10.05	1.0
167	167	First Nat'l Bank	178	1	10.05	1.0
168	168	First Nat'l Bank	178	1	10.05	1.0
169	169	First Nat'l Bank	178	1	10.05	1.0
170	170	First Nat'l Bank	178	1	10.05	1.0
171	171	First Nat'l Bank	178	1	10.05	1.0
172	172	First Nat'l Bank	178	1	10.05	1.0
173	173	First Nat'l Bank	178	1	10.05	1.0
174	174	First Nat'l Bank	178	1	10.05	1.0
175	175	First Nat'l Bank	178	1	10.05	1.0
176	176	First Nat'l Bank	178	1	10.05	1.0
177	177	First Nat'l Bank	178	1	10.05	1.0
178	178	First Nat'l Bank	178	1	10.05	1.0
179	179	First Nat'l Bank	178	1	10.05	1.0
180	180	First Nat'l Bank	178	1	10.05	1.0
181	181	First Nat'l Bank	178	1	10.05	1.0
182	182	First Nat'l Bank	178	1	10.05	1.0
183	183	First Nat'l Bank	178	1	10.05	1.0
184	184	First Nat'l Bank	178	1	10.05	1.0
185	185	First Nat'l Bank	178	1	10.05	1.0
186	186	First Nat'l Bank	178	1	10.05	1.0
187	187	First Nat'l Bank	178	1	10.05	1.0
188	188	First Nat'l Bank	178	1	10.05	1.0
189	189	First Nat'l Bank	178	1	10.05	1.0
190	190	First Nat'l Bank	178	1	10.05	1.0
191	191	First Nat'l Bank	178	1	10.05	1.0
192	192	First Nat'l Bank	178	1	10.05	1.0

1928	1929	Stock	Price	Chg.	Vol.	Div.
152	152	Alhambra Theatre	365	10	16.8	2.0
153	153	Alhambra Theatre	365	10	16.8	2.0
154	154	Alhambra Theatre	365	10	16.8	2.0
155	155	Alhambra Theatre	365	10	16.8	2.0
156	156	Alhambra Theatre	365	10	16.8	2.0
157	157	Alhambra Theatre	365	10	16.8	2.0
158	158	Alhambra Theatre	365	10	16.8	2.0
159	159	Alhambra Theatre	365	10	16.8	2.0
160	160	Alhambra Theatre	365	10	16.8	2.0
161	161	Alhambra Theatre	365	10	16.8	2.0
162	162	Alhambra Theatre	365	10	16.8	2.0
163	163	Alhambra Theatre	365	10	16.8	2.0
164	164	Alhambra Theatre	365	10	16.8	2.0
165	165	Alhambra Theatre	365	10	16.8	2.0
166	166	Alhambra Theatre	365	10	16.8	2.0
167	167	Alhambra Theatre	365	10	16.8	2.0
168	168	Alhambra Theatre	365	10	16.8	2.0
169	169	Alhambra Theatre	365	10	16.8	2.0
170	170	Alhambra Theatre	365	10	16.8	2.0
171	171	Alhambra Theatre	365	10	16.8	2.0
172	172	Alhambra Theatre	365	10	16.8	2.0
173	173	Alhambra Theatre	365	10	16.8	2.0
174	174	Alhambra Theatre	365	10	16.8	2.0
175	175	Alhambra Theatre	365	10	16.8	2.0
176	176	Alhambra Theatre	365	10	16.8	2.0
177	177	Alhambra Theatre	365	10	16.8	2.0
178	178	Alhambra Theatre	365	10	16.8	2.0
179	179	Alhambra Theatre	365	10	16.8	2.0
180	180	Alhambra Theatre	365	10	16.8	2.0
181	181	Alhambra Theatre	365	10	16.8	2.0
182	182	Alhambra Theatre	365	10	16.8	2.0
183	183	Alhambra Theatre	365	10	16.8	2.0
184	184	Alhambra Theatre	365	10	16.8	2.0
185	185	Alhambra Theatre	365	10	16.8	2.0
186	186	Alhambra Theatre	365	10	16.8	2.0
187	187	Alhambra Theatre	365	10	16.8	2.0
188	188	Alhambra Theatre	365	10	16.8	2.0
189	189	Alhambra Theatre	365	10	16.8	2.0
190	190	Alhambra Theatre	365	10	16.8	2.0
191	191	Alhambra Theatre	365	10	16.8	2.0
192	192	Alhambra Theatre	365	10	16.8	2.0

1928	1929	Stock	Price	Chg.	Vol.	Div.
152	152	Alhambra Theatre	365	10	16.8	2.0
153	153	Alhambra Theatre	365	10	16.8	2.0
154	154	Alhambra Theatre	365	10	16.8	2.0
155	155	Alhambra Theatre	365	10	16.8	2.0
156	156	Alhambra Theatre	365	10	16.8	2.0
157	157	Alhambra Theatre	365	10	16.8	2.0
158	158	Alhambra Theatre	365	10	16.8	2.0
159	159	Alhambra Theatre	365	10	16.8	2.0
160	160	Alhambra Theatre	365	10	16.8	2.0
161	161	Alhambra Theatre	365	10	16.8	2.0
162	162	Alhambra Theatre	365	10	16.8	2.0
163	163	Alhambra Theatre	365	10	16.8	2.0
164	164	Alhambra Theatre	365	10	16.8	2.0
165	165	Alhambra Theatre	365	10	16.8	2.0
166	166	Alhambra Theatre	365	10	16.8	2.0
167	167	Alhambra Theatre	365	10	16.8	2.0
168	168	Alhambra Theatre	365	10	16.8	2.0
169	169	Alhambra Theatre	365	10	16.8	2.0
170	170	Alhambra Theatre	365	10	16.8	2.0
171	171	Alhambra Theatre	365	10	16.8	2.0
172	172	Alhambra Theatre	365	10	16.8	2.0
173	173	Alhambra Theatre	365	10	16.8	2.0
174	174	Alhambra Theatre	365	10	16.8	2.0
175	175	Alhambra Theatre	365	10	16.8	2.0
176	176	Alhambra Theatre	365	10	16.8	2.0
177	177	Alhambra Theatre	365	10	16.8	2.0
178	178	Alhambra Theatre	365	10	16.8	2.0
179	179	Alhambra Theatre	365	10	16.8	2.0
180	180	Alhambra Theatre	365	10	16.8	2.0
181	181	Alhambra Theatre	365	10	16.8	2.0
182	182	Alhambra Theatre	365	10	16.8	2.0
183	183	Alhambra Theatre	365	10	16.8	2.0
184	184	Alhambra Theatre	365	10	16.8	2.0
185	185	Alhambra Theatre	365	10	16.8	2.0
186	186	Alhambra Theatre	365	10	16.8	2.0
187	187	Alhambra Theatre	365	10	16.8	2.0
188	188	Alhambra Theatre	365	10	16.8	2.0
189	189	Alhambra Theatre	365	10	16.8	2.0
190	190	Alhambra Theatre	365	10	16.8	2.0
191	191	Alhambra Theatre	365	10	16.8	2.0
192	192	Alhambra Theatre	365	10	16.8	2.0

1928	1929	Stock	Price	Chg.	Vol.	Div.
152	152	Alhambra Theatre	365	10	16.8	2.0
153	153	Alhambra Theatre	365	10	16.8	2.0
154	154	Alhambra Theatre	365	10	16.8	2.0
155	155	Alhambra Theatre	365	10	16.8	2.0
156	156	Alhambra Theatre	365	10	16.8	2.0
157	157	Alhambra Theatre	365	10	16.8	2.0
158	158	Alhambra Theatre	365	10	16.8	2.0
159	159	Alhambra Theatre	365	10	16.8	2.0
160	160	Alhambra Theatre	365	10	16.8	2.0
161	161	Alhambra Theatre	365	10	16.8	2.0
162	162	Alhambra Theatre	365	10	16.8	2.0
163	163	Alhambra Theatre	365	10	16.8	2.0
164	164	Alhambra Theatre	365	10	16.8	2.0
165	165	Alhambra Theatre	365	10	16.8	2.0
166	166	Alhambra Theatre	365	10	16.8	2.0
167	167	Alhambra Theatre	365	10	16.8	2.0
168	168	Alhambra Theatre	365	10	16.8	2.0
169	169	Alhambra Theatre	365	10	16.8	2.0
170	170	Alhambra Theatre	365	10	16.8	2.0
171	171	Alhambra Theatre	365	10	16.8	2.0
172	172	Alhambra Theatre	365	10	16.8	2.0
173	173	Alhambra Theatre	365	10	16.8	2.0
174	174	Alhambra Theatre	365	10	16.8	2.0
175	175	Alhambra Theatre	365	10	16.8	2.0
176	176	Alhambra Theatre	365	10	16.8	2.0
177	177	Alhambra Theatre	365	10	16.8	2.0
178	178	Alhambra Theatre	365	10	16.8	2.0
179	179	Alhambra Theatre	365	10	16.8	2.0
180	180	Alhambra Theatre	365	10	16.8	2.0
181	181	Alhambra Theatre	365	10	16.8	2.0
182	182	Alhambra Theatre	365	10	16.8	2.0
183	183	Alhambra Theatre	365	10	16.8	2.0
184	184	Alhambra Theatre	365	10	16.8	2.0
185	185	Alhambra Theatre	365	10	16.8	2.0
186	186	Alhambra Theatre	365	10	16.8	2.0
187	187	Alhambra Theatre	365	10	16.8	2.0
188	188	Alhambra Theatre	365	10	16.8	2.0
189	189	Alhambra Theatre	365	10	16.8	2.0
190	190	Alhambra Theatre	365	10	16.8	2.0
191	191	Alhambra Theatre	365	10	16.8	2.0
192	192	Alhambra Theatre	365	10	16.8	2.0

1928	1929	Stock	Price	Chg.	Vol.	Div.
152	152	Alhambra Theatre	365	10	16.8	2.0
153	153	Alhambra Theatre	365	10	16.8	2.0
154	154	Alhambra Theatre	365	10	16.8	2.0
155	155	Alhambra Theatre	365	10	16.8	2.0
156	156	Alhambra Theatre	365	10	16.8	2.0
157	157	Alhambra Theatre	365	10	16.8	2.0
158	158	Alhambra Theatre	365	10	16.8	2.0
159	159	Alhambra Theatre	365	10	16.8	2.0
160	160	Alhambra Theatre	365	10	16.8	2.0
16						

OIL AND GAS—Continued

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NOMURA
INTERNATIONAL LIMITED
**NEW-ERA INVESTMENT
AND UNDERWRITING**
OFFICES WORLDWIDE
3 Gracechurch Street F.C.V. 04D
Telephone (01) 283 8811

MINES—Continued

[illegible]

NOTES

[illegible]

PLANTATIONS

[illegible]

MINES

Central Rand			
Durban Deep R1	1233	-14	
East Rand P1	1340	-1	1500
East Rand P2	1340	-1	1500
Samuel's Jack R02	330	-5	
West Rand R1	437	-3	0200
Eastern Rand			
Bracken 90C	239	-12	0410
Ben Molle 91	239	-12	1310
East Rand R1	207	-11	
ERGO RD 50	889	50	10100
Greyhound 25C	890	-10	1160
Greyhound 25C	890	-10	1160
Laurie 65C	265	-5	035C
Masheba RD 25C	298	-19	0410
Masheba RD 25C	298	-19	0410
Whitehouse 70C	220	-8	0300
Whitehouse R1	1274	-14	0313C
Whitehouse R2	149	-16	

Sc....	971
	324

[illegible]

Finance

[illegible]

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter quoted in Irish currency

Albany Inv. 20s	48		Evch. 15ec 1983	1100%
Bertram	17 1/2		Nat. 9 1/2, 84 89	171
Chas. 1st 50p	60		Fin. 15 1/2 97 02	128
Chas. & Rose 1st	121 1/2		Ally. 10 1/2 97	139
Friday Post. 5c	31		Arnett	188
Grain Ship. 1st	120	-1	Carroll (P. J.)	
Hingham Brw	185		Concrete Prod.	53
Holl (Jas.) 25c	180		Hendon (Hosp. J.)	15
O.M. Sim. 1st	97		Int. Corp. Ireland	340
Seal C. H.	121 1/2	- 1/2	Irish Rep.	26
Seal Hldgs.	160		Jacob	96
			T.M.G.	42
			Winters	42

OPTIONS

3-month Call Rates

House of Fraser	15	Old Drapery	-
1 C.I.	24	Vickers	...
"Imax"	10	Woolworth Hld.	

1	U.S.R.	6	1	Property	28	1
2	U.S. Steel	7	2	Br. Land	29	2
3	U.S. Bank	8	3	Cash Counters	30	3
4	U.S. Bank	9	4	Br. Land	31	4
5	U.S. Bank	10	5	MEPC	32	5
6	U.S. Bank	11	6	MEPC	33	6
7	U.S. Bank	12	7	MEPC	34	7
8	U.S. Bank	13	8	MEPC	35	8
9	U.S. Bank	14	9	MEPC	36	9
10	U.S. Bank	15	10	MEPC	37	10
11	U.S. Bank	16	11	MEPC	38	11
12	U.S. Bank	17	12	MEPC	39	12
13	U.S. Bank	18	13	MEPC	40	13
14	U.S. Bank	19	14	MEPC	41	14
15	U.S. Bank	20	15	MEPC	42	15
16	U.S. Bank	21	16	MEPC	43	16
17	U.S. Bank	22	17	MEPC	44	17
18	U.S. Bank	23	18	MEPC	45	18
19	U.S. Bank	24	19	MEPC	46	19
20	U.S. Bank	25	20	MEPC	47	20
21	U.S. Bank	26	21	MEPC	48	21
22	U.S. Bank	27	22	MEPC	49	22
23	U.S. Bank	28	23	MEPC	50	23
24	U.S. Bank	29	24	MEPC	51	24
25	U.S. Bank	30	25	MEPC	52	25
26	U.S. Bank	31	26	MEPC	53	26
27	U.S. Bank	32	27	MEPC	54	27
28	U.S. Bank	33	28	MEPC	55	28
29	U.S. Bank	34	29	MEPC	56	29
30	U.S. Bank	35	30	MEPC	57	30
31	U.S. Bank	36	31	MEPC	58	31
32	U.S. Bank	37	32	MEPC	59	32
33	U.S. Bank	38	33	MEPC	60	33
34	U.S. Bank	39	34	MEPC	61	34
35	U.S. Bank	40	35	MEPC	62	35
36	U.S. Bank	41	36	MEPC	63	36
37	U.S. Bank	42	37	MEPC	64	37
38	U.S. Bank	43	38	MEPC	65	38
39	U.S. Bank	44	39	MEPC	66	39
40	U.S. Bank	45	40	MEPC	67	40
41	U.S. Bank	46	41	MEPC	68	41
42	U.S. Bank	47	42	MEPC	69	42
43	U.S. Bank	48	43	MEPC	70	43
44	U.S. Bank	49	44	MEPC	71	44
45	U.S. Bank	50	45	MEPC	72	45
46	U.S. Bank	51	46	MEPC	73	46
47	U.S. Bank	52	47	MEPC	74	47
48	U.S. Bank	53	48	MEPC	75	48
49	U.S. Bank	54	49	MEPC	76	49
50	U.S. Bank	55	50	MEPC	77	50
51	U.S. Bank	56	51	MEPC	78	51
52	U.S. Bank	57	52	MEPC	79	52
53	U.S. Bank	58	53	MEPC	80	53
54	U.S. Bank	59	54	MEPC	81	54
55	U.S. Bank	60	55	MEPC	82	55
56	U.S. Bank	61	56	MEPC	83	56
57	U.S. Bank	62	57	MEPC	84	57
58	U.S. Bank	63	58	MEPC	85	58
59	U.S. Bank	64	59	MEPC	86	59
60	U.S. Bank	65	60	MEPC	87	60
61	U.S. Bank	66	61	MEPC	88	61
62	U.S. Bank	67	62	MEPC	89	62
63	U.S. Bank	68	63	MEPC	90	63
64	U.S. Bank	69	64	MEPC	91	64
65	U.S. Bank	70	65	MEPC	92	65
66	U.S. Bank	71	66	MEPC	93	66
67	U.S. Bank	72	67	MEPC	94	67
68	U.S. Bank	73	68	MEPC	95	68
69	U.S. Bank	74	69	MEPC	96	69
70	U.S. Bank	75	70	MEPC	97	70
71	U.S. Bank	76	71	MEPC	98	71
72	U.S. Bank	77	72	MEPC	99	72
73	U.S. Bank	78	73	MEPC	100	73
74	U.S. Bank	79	7			

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son Stock Exchange Rep

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exchanges throughout the United Kingdom for a fee of £100 per annum for each security

LEISURE

	LEISURE							
57	JA-R TV Pres. 1	65	5.95	17.8	12.3	—	—	—
03	Anglia TV 'A'	125	16.0	3.3	6.9	6.3	—	—
76	Arco. League 50	125	75.5	2.0	6.0	11.4	—	—
05	Bar & WAT 'A'	97	1.0	—	1.5	—	—	—
15	Basil, Expts 50p	42	0.1	—	0.3	—	—	—
35	Beauty & Husb	121	21.9	—	1.1	—	—	—
40	Campari 10 20s	40	13.1	2.0	11.4	(55.2)	—	—
21	Fairline Bar 10s	29	41.0	—	4.9	—	—	—
23	GRA Group 50	15	—	—	—	13.6	—	—
21	Grancom TVA 10s	65	22.5	3.0	8.4	4.5	—	—
02	ITV Non TVA	146	11.0	2.0	10.8	4.4	—	—

MEPC.....	186	-6	1.25	1.3
Merck & Co. Inc. PM	170	-2	13.65	3.6
	37		0.4	2.8

Marlborough 2p	58	2.0	4.0	4.5	144
Marlboro Excess	58	2.0	4.1	4.9	136
Marlborough 10p	102	2.85	1.6	4.0	20.4
McKay Sect. 20p	102	2.0	1.8	4.0	(2.8)
Marlboro Sect 3p	137	3.5	2.2	5.8	(9.5)
Mountainfresh	167	-8	2.8	2.7	6
Mountainview 5p	167	-1	8.5	2.8	158
Mudlick (A. S.)	71	4.25	1.5	8.6	(0.8)
New Caswell 5p	71	—	—	—	475
North Star, Prop.	88	3.1	0.9	5.0	(6.0)
Paradise Hops 10p	88	0.4	4.3	1.5	20.4
Peachtree	97	0.4	—	—	84
Pineapple 10p	131	5.25	2.1	5.7	12.0
Pineapple 10p	131	—	—	—	85
Pineapple 10p	131	—	—	—	125

Drayton Premier	244	-2	1071
Durwest Inc. 50p	65	...	735
Do. Capital £1	530	-3	...

Dundee & Lon.	132	4.25	10	46	205
Edinburgh Am. Tsl.	162	0.85	14	0.8	46
Edinburgh Ins.	88	12.12	13	34	3
EDITH	83	162.21	10	3.8	9
Electra. Ins. Tsl.	73	13.3	11	6.5	24
Elect. & Gen.	157	12.65	0	2.3	275
Energy Rv. & Srv. 55	325	—	—	—	340
Eng. & Internat.	136	5.75	10	6.0	80
Eng. & N.Y. Trust	131	4.15	10	4.5	22
Eng. & Scot. Ins.	84	1.8	0.9	3.1	27
Eng. Nat. Ins. (Pig.)	85	9.6	10	11.0	160
Eng. Nat. Ins. Detd	125	14.7	10	7.9	180

68	Jan On Flo. 20p.	78	1	25	23	23	26
47	Arril Pet 20p.	47	-3	-	-	-	-
8	May Enn 20p.	30	1	-	-	-	34

110	210	250	300	350	400	450	500	550	600	650	700	750	800	850	900	950	1000
120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290
300	310	320	330	340	350	360	370	380	390	400	410	420	430	440	450	460	470
480	490	500	510	520	530	540	550	560	570	580	590	600	610	620	630	640	650
660	670	680	690	700	710	720	730	740	750	760	770	780	790	800	810	820	830
840	850	860	870	880	890	900	910	920	930	940	950	960	970	980	990	1000	1010
1020	1030	1040	1050	1060	1070	1080	1090	1100	1110	1120	1130	1140	1150	1160	1170	1180	1190
1200	1210	1220	1230	1240	1250	1260	1270	1280	1290	1300	1310	1320	1330	1340	1350	1360	1370
1380	1390	1400	1410	1420	1430	1440	1450	1460	1470	1480	1490	1500	1510	1520	1530	1540	1550
1560	1570	1580	1590	1600	1610	1620	1630	1640	1650	1660	1670	1680	1690	1700	1710	1720	1730
1740	1750	1760	1770	1780	1790	1800	1810	1820	1830	1840	1850	1860	1870	1880	1890	1900	1910
1920	1930	1940	1950	1960	1970	1980	1990	2000	2010	2020	2030	2040	2050	2060	2070	2080	2090
2100	2110	2120	2130	2140	2150	2160	2170	2180	2190	2200	2210	2220	2230	2240	2250	2260	2270
2280	2290	2300	2310	2320	2330	2340	2350	2360	2370	2380	2390	2400	2410	2420	2430	2440	2450
2460	2470	2480	2490	2500	2510	2520	2530	2540	2550	2560	2570	2580	2590	2600	2610	2620	2630
2640	2650	2660	2670	2680	2690	2700	2710	2720	2730	2740	2750	2760	2770	2780	2790	2800	2810
2820	2830	2840	2850	2860	2870	2880	2890	2900	2910	2920	2930	2940	2950	2960	2970	2980	2990
3000	3010	3020	3030	3040	3050	3060	3070	3080	3090	3100	3110	3120	3130	3140	3150	3160	3170
3180	3190	3200	3210	3220	3230	3240	3250	3260	3270	3280	3290	3300	3310	3320	3330	3340	3350
3360	3370	3380	3390	3400	3410	3420	3430	3440	3450	3460	3470	3480	3490	3500	3510	3520	3530
3540	3550	3560	3570	3580	3590	3600	3610	3620	3630	3640	3650	3660	3670	3680	3690	3700	3710
3720	3730	3740	3750	3760	3770	3780	3790	3800	3810	3820	3830	3840	3850	3860	3870	3880	3890
3900	3910	3920	3930	3940	3950	3960	3970	3980	3990	4000	4010	4020	4030	4040	4050	4060	4070
4080	4090	4100	4110	4120	4130	4140	4150	4160	4170	4180	4190	4200	4210	4220	4230	4240	4250
4260	4270	4280	4290	4300	4310	4320	4330	4340	4350	4360	4370	4380	4390	4400	4410	4420	4430
4440	4450	4460	4470	4480	4490	4500	4510	4520	4530	4540	4550	4560	4570	4580	4590	4600	4610
4620	4630	4640	4650	4660	4670	4680	4690	4700	4710	4720	4730	4740	4750	4760	4770	4780	4790
4800	4810	4820	4830	4840	4850	4860	4870	4880	4890	4900	4910	4920	4930	4940	4950	4960	4970
4980	4990	5000	5010	5020	5030	5040	5050	5060	5070	5080	5090	5100	5110	5120	5130	5140	5150
5160	5170	5180	5190	5200	5210	5220	5230	5240	5250	5260	5270	5280	5290	5300	5310	5320	5330
5340	5350	5360	5370	5380	5390	5400	5410	5420	5430	5440	5450	5460	5470	5480	5490	5500	5510
5520	5530	5540	5550	5560	5570	5580	5590	5600	5610	5620	5630	5640	5650	5660	5670	5680	5690
5700	5710	5720	5730	5740	5750	5760	5770	5780	5790	5800	5810	5820	5830	5840	5850	5860	5870
5880	5890	5900	5910	5920	5930	5940	5950	5960	5970	5980	5990	6000	6010	6020	6030	6040	6050
6060	6070	6080	6090	6100	6110	6120	6130	6140	6150	6160	6170	6180	6190	6200	6210	6220	6230
6240	6250	6260	6270	6280	6290	6300	6310	6320	6330	6340	6350	6360	6370	6380	6390	6400	6410
6420	6430	6440	6450	6460	6470	6480	6490	6500	6510	6520	6530	6540	6550	6560	6570	6580	6590
6600	6610	6620	6630	6640	6650	6660	6670	6680	6690	6700	6710	6720	6730	6740	6750	6760	6770
6780	6790	6800	6810	6820	6830	6840	6850	6860	6870	6880	6890	6900	6910	6920	6930	6940	6950
6960	6970	6980	6990	7000	7010	7020	7030	7040	7050	7060	7070	7080	7090	7100	7110	7120	7130
7140	7150	7160	7170	7180	7190	7200	7210	7220	7230	7240	7250	7260	7270	7280	7290	7300	7310
7320	7330	7340	7350	7360	7370	7380	7390	7400	7410	7420	7430	7440	7450	7460	7470	7480	7490
7500	7510	7520	7530	7540	7550	7560	7570	7580	7590	7600	7610	7620	7630	7640	7650	7660	7670
7680	7690	7700	7710	7720	7730	7740	7750	7760	7770	7780	7790	7800	7810	7820	7830	7840	7850
7860	7870	7880	7890	7900	7910	7920	7930	7940	7950	7960	7970	7980	7990	8000	8010	8020	8030
8040	8050	8060	8070	8080	8090	8100	8110	8120	8130	8140	8150	8160	8170	8180	8190	8200	8210
8220	8230	8240	8250	8260	8270	8280	8290	8300	8310	8320	8330	8340	8350	8360	8370	8380	8390
8400	8410	8420	8430	8440	8450	8460	8470	8480	8490	8500	8510	8520	8530	8540	8550	8560	8570
8580	8590	8600	8610	8620	8630	8640	8650	8660	8670	8680	8690	8700	8710	8720	8730	8740	8750
8760	8770	8780	8790	8800	8810	8820	8830	8840	8850	8860	8870	8880	8890	8900	8910	8920	8930
8940	8950	8960	8970	8980	8990	9000	9010	9020	9030	9040	9050	9060	9070	9080	9090	9100	9110
9120	9130	9140	9150	9160	9170	9180	9190	9200	9210	9220	9230	9240	9250	9260	9270	9280	9290
9300	9310	9320	9330	9340	9350	9360	9370	9380	9390	9400	9410	9420	9430	9440	9450	9460	9470
9480	9490	9500	9510	9520	9530	9540	9550	9560	9570	9580	9590	9600	9610	9620	9630	9640	9650
9660	9670	9680	9690	9700	9710	9720	9730	9740	9750	9760	9770	9780	9790	9800	9810	9820	9830
9840	9850	9860	9870	9880	9890	9900	9910	9920	9930	9940	9950	9960	9970	9980	9990	10000	10010

160	Rand Min Prop RI	520	-20	Q35c	3
290	Sentrust 10c.	777	-15	Q94c	7
335	Wm. S. G. L. 10c.	677		Q260c	7

115	U.S. Imports, 1978	1113	-7	0180c	12
360	U.S. Imports, 1979	1113	-7	0180c	12
60	Vogel's 21c	190		018c	0

Diamond and Platinum

271	Anglo-Am. Inc. 50c	147	-21	10700r	10
165	De Beers Df. 5c	423	-13	10500c	20
612	De 400c Pl. R5	825	-25	0200c	14
185	Impala Plat. 20c	590	-40	0750c	21
9	Lydensburg 120c	40	-40	031c	6
120	Rus. PLAL 10c	290	-40	035c	0.9

A selection of Options traded on the
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FOREIGN EXCHANGES

Sterling at record low against dollar

Sterling fell to its worst level ever against the dollar yesterday as the market reacted to suggestions by the Saudi Arabian oil minister that North Sea oil prices may fall. Trading had already been unsettled by the failure of OPEC to agree on prices or production levels. The downward trend was also accelerated by a sharp improvement in the dollar. This followed last Friday's higher than expected \$11 money supply figure, a very large U.S. funding programme and fading hopes of an early cut in the U.S. discount rate.

STERLING—Trading range against the dollar in 1982-83 is 1.9255 to 1.5405. December average 1.6176. Trade weighted index 81.8 against 82.5 at noon and 83.0 at the opening and compared with 82.8 on Friday and 81.6 six months ago. Sterling has been very weak on fears of an early general election and forecasts that world oil prices will remain under downward pressure, leading to worsening of Britain's balance of payments. Although the pound has stabilised against European currencies

it is now trading at an all time low against the dollar. Sterling opened at \$1.5610 against the dollar, its best level of the day and quickly fell to \$1.5450. By noon it had briefly touched \$1.55 before settling back to \$1.5450. News of the Opec meeting saw sterling fall to \$1.5380 but it recovered to \$1.5450 soon after. However, suggestions of a lower North Sea oil price pushed the pound to an all time low of \$1.5325. A slight turnaround at the end of the day helped sterling come back to close at \$1.5400-51.0, a fall of

2.85c. Against the D-mark it eased to DM 3.8025 from DM 3.8325 but was unchanged against the Swiss franc at Sfr 3.1250. It edged a little higher against the yen to ¥370.75 from ¥370.50 but slipped in terms of the French franc to FF 10.77 from FF 10.8450.

DOLLAR—Trade weighted index (Bank of England) 121.4 against 118.3 six months ago. The dollar has returned to favour in the last few days as hopes of an early cut in the U.S. discount rate receded. The dollar closed at DM 2.4670

EMS EUROPEAN CURRENCY UNIT RATES

	ECU	Current amount	% change from central	% change from adjusted	Divergence
Belgian Franc	44.3674	44.3674	-0.04	-1.04	-1.5601
Danish Krone	5.2900	5.2900	-1.20	-0.21	-1.6420
German D-Mark	1.9363	1.9363	-1.20	-0.21	-1.6420
French Franc	6.5595	6.5595	-1.25	-0.19	-1.6420
Dutch Guilder	2.2037	2.2037	-2.17	-1.09	-1.6420
Italian Lira	1.3667	1.3667	-2.11	-1.63	-1.6420
Spanish Ptas	166.6371	166.6371	-2.11	-1.63	-1.6420
Portuguese Escudo	200.4824	200.4824	-2.11	-1.63	-1.6420

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Gilts go limit down

Trading was dominated by the weakness of sterling in the London International Financial Futures Exchange yesterday. The market opened to a much stronger dollar as the probability of an imminent cut in the U.S. discount rate receded in the face of an unexpected rise in the M1 money supply and a 12 per cent rise in durable goods orders. Disappointment in the cash market was matched in futures trading with the March contract on the long gilt opening at 98-22 compared with Friday's close of 100-02, and falling to a limit price of 98-02 just before 11 am.

Trading resumed after the obligatory one-hour break and after a brief hiccup, gilts continued to fall away. Failure to reach any decision on prices or production at the OPEC meeting had been an unsettling factor, but comments later the day by the Saudi Arabian oil minister suggesting a reduction in North Sea oil prices prompted

another sharp decline and the March price touched a record low of 97-19 before recovering to 97-23, a fall of 2 1/2 p. Short sterling was also hard hit although not quite as badly as gilts as the market noted attempts by the authorities to keep short-term rates under control. The March price opened at 98-20 and saw a low of 98-04 before finishing at 98-13 compared with 98-57 on Friday.

Prices in the Euro-dollar deposit sector tended to reflect a rise in the cash market and the March contract opened at 90-70 down from 90-85 and continued to fall before recovering to trade in a narrow range. The open outcome of the Opec meeting and a slightly firmer Federal funds rate left the market rather nervous and uncertain and a little high profit taking towards the close saw the March price close at 90-85, a little above the day's low of 90-51.

LONDON

	Three-month	High	Low	Prev
March	98.25	98.25	98.25	98.25
June	98.25	98.25	98.25	98.25
Sept	98.25	98.25	98.25	98.25
Dec	98.25	98.25	98.25	98.25
Previous day's open	1.381 (3.128)			

CHICAGO

	U.S. Treasury	High	Low	Prev
March	74.08	74.13	74.28	74.22
June	74.08	74.13	74.28	74.01
Sept	74.08	74.13	74.28	74.07
Dec	74.08	74.13	74.28	74.05
Previous day's open	74.08			

STERLING

	Three-month	High	Low	Prev
March	98.25	98.25	98.25	98.25
June	98.25	98.25	98.25	98.25
Sept	98.25	98.25	98.25	98.25
Dec	98.25	98.25	98.25	98.25
Previous day's open	98.25			

DEMOTSE MARKS

	Three-month	High	Low	Prev
March	98.25	98.25	98.25	98.25
June	98.25	98.25	98.25	98.25
Sept	98.25	98.25	98.25	98.25
Dec	98.25	98.25	98.25	98.25
Previous day's open	98.25			

SWISS FRANS

	Three-month	High	Low	Prev
March	98.25	98.25	98.25	98.25
June	98.25	98.25	98.25	98.25
Sept	98.25	98.25	98.25	98.25
Dec	98.25	98.25	98.25	98.25
Previous day's open	98.25			

JAPANESE YEN

	Three-month	High	Low	Prev
March	98.25	98.25	98.25	98.25
June	98.25	98.25	98.25	98.25
Sept	98.25	98.25	98.25	98.25
Dec	98.25	98.25	98.25	98.25
Previous day's open	98.25			

KORAN

	Three-month	High	Low	Prev
March	98.25	98.25	98.25	98.25
June	98.25	98.25	98.25	98.25
Sept	98.25	98.25	98.25	98.25
Dec	98.25	98.25	98.25	98.25
Previous day's open	98.25			

KORAN

	Three-month	High	Low	Prev
March	98.25	98.25	98.25	98.25
June	98.25	98.25	98.25	98.25
Sept	98.25	98.25	98.25	98.25
Dec	98.25	98.25	98.25	98.25
Previous day's open	98.25			

KORAN

	Three-month	High	Low	Prev
March	98.25	98.25	98.25	98.25
June	98.25	98.25	98.25	98.25
Sept	98.25	98.25	98.25	98.25
Dec	98.25	98.25	98.25	98.25
Previous day's open	98.25			

KORAN

	Three-month	High	Low	Prev
March	98.25	98.25	98.25	98.25
June	98.25	98.25	98.25	98.25
Sept	98.25	98.25	98.25	98.25
Dec	98.25	98.25	98.25	98.25
Previous day's open	98.25			

KORAN

	Three-month	High	Low	Prev
March	98.25	98.25	98.25	98.25
June	98.25	98.25	98.25	98.25
Sept	98.25	98.25	98.25	98.25
Dec	98.25	98.25	98.25	98.25
Previous day's open	98.25			

KORAN

	Three-month	High	Low	Prev
March	98.25	98.25	98.25	98.25
June	98.25	98.25	98.25	98.25
Sept	98.25	98.25	98.25	98.25
Dec	98.25	98.25	98.25	98.25
Previous day's open	98.25			

KORAN

	Three-month	High	Low	Prev
March	98.25	98.25	98.25	98.25
June	98.25	98.25	98.25	98.25
Sept	98.25	98.25	98.25	98.25
Dec	98.25	98.25	98.25	98.25
Previous day's open	98.25			

OTHER CURRENCIES

	Jan. 24	Jan. 25	Jan. 26
Argentina Peso	80.555/55.8	82.160/52.310	82.160/52.310
Australia Dollar	1.5405/1.5410	1.5405/1.5410	1.5405/1.5410
Brazil Cruzeiro	416.311/417.51	416.311/417.51	416.311/417.51
Canada Dollar	1.25/1.25	1.25/1.25	1.25/1.25
Denmark Krone	5.29/5.29	5.29/5.29	5.29/5.29
Finland Markka	5.93/5.93	5.93/5.93	5.93/5.93
France Franc	6.56/6.56	6.56/6.56	6.56/6.56
Germany D-Mark	3.51/3.51	3.51/3.51	3.51/3.51
Italy Lira	1.36/1.36	1.36/1.36	1.36/1.36
Japan Yen	354.7/354.7	354.7/354.7	354.7/354.7
Kuwait Dinar	4.47/4.47	4.47/4.47	4.47/4.47
Lebanon Lira	1.54/1.54	1.54/1.54	1.54/1.54
Luxembourg Franc	40.33/40.33	40.33/40.33	40.33/40.33
Malaysia Ringgit	2.34/2.34	2.34/2.34	2.34/2.34
Malta Lira	1.36/1.36	1.36/1.36	1.36/1.36
New Zealand Dollar	1.54/1.54	1.54/1.54	1.54/1.54
Norway Krone	4.76/4.76	4.76/4.76	4.76/4.76
Portugal Escudo	200.48/200.48	200.48/200.48	200.48/200.48
Saudi Rial	2.47/2.47	2.47/2.47	2.47/2.47
Singapore Dollar	1.36/1.36	1.36/1.36	1.36/1.36
South Africa Rand	1.54/1.54	1.54/1.54	1.54/1.54
Switzerland Franc	2.00/2.00	2.00/2.00	2.00/2.00
U.S. Dollar	1.00/1.00	1.00/1.00	1.00/1.00
U.K. Pound	1.00/1.00	1.00/1.00	1.00/1.00

* Selling rates.

CURRENCY MOVEMENTS

	Jan. 24	Jan. 25	Jan. 26
sterling	81.8	81.8	81.8
U.S. dollar	121.4	121.4	121.4
Canadian dollar	80.1	80.1	80.1
Australian dollar	119.3	119.3	119.3
Japanese yen	354.7	354.7	354.7
Deutsche mark	127.0	127.0	127.0
Swiss franc	118.9	118.9	118.9
French franc	53.1	53.1	53.1
Yen	143.0	143.0	143.0

Based on trade weighted changes from the Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

	Jan. 24	Jan. 25	Jan. 26
sterling	81.8	81.8	81.8
U.S. dollar	121.4	121.4	121.4
Canadian dollar	80.1	80.1	80.1
Australian dollar	119.3	119.3	119.3
Japanese yen	354.7	354.7	354.7
Deutsche mark	127.0	127.0	127.0
Swiss franc	118.9	118.9	118.9
French franc	53.1	53.1	53.1
Yen	143.0	143.0	143.0

* Selling rates.

THE POUND SPOT AND FORWARD

	Jan. 24	Jan. 25	Jan. 26
U.S.	1.5405/1.5410	1.5405/1.5410	1.5405/1.5410
Canada	1.25/1.25	1.25/1.25	1.25/1.25
Denmark	5.29/5.29	5.29/5.29	5.29/5.29
France	6.56/6.56	6.56/6.56	6.56/6.56
Germany	3.51/3.51	3.51/3.51	3.51/3.51
Italy	1.36/1.36	1.36/1.36	1.36/1.36
Japan	354.7/354.7	354.7/354.7	354.7/354.7
Malaysia	2.34/2.34	2.34/2.34	2.34/2.34
Malta	1.36/1.36	1.36/1.36	1.36/1.36
New Zealand	1.54/1.54	1.54/1.54	1.54/1.54
Norway	4.76/4.76	4.76/4.76	4.76/4.76
Portugal	200.48/200.48	200.48/200.48	200.48/200.48
Saudi	2.47/2.47	2.47/2.47	2.47/2.47
Singapore	1.36/1.36	1.36/1.36	1.36/1.36
South Africa	1.54/1.54	1.54/1.54	1.54/1.54
Switzerland	2.00/2.00	2.00/2.00	2.00/2.00
U.S.	1.00/1.00	1.00/1.00	1.00/1.00
U.K.	1.00/1.00	1.00/1.00	1.00/1.00

THE DOLLAR SPOT AND FORWARD

	Jan. 24	Jan. 25	Jan. 26
U.S.	1.5405/1.5410	1.5405/1.5410	1.5405/1.5410
Canada	1.25/1.25	1.25/1.25	1.25/1.25
Denmark	5.29/5.29	5.29/5.29	5.29/5.29
France	6.56/6.56	6.56/6.56	6.56/6.56
Germany	3.51/3.51	3.51/3.51	3.51/3.51
Italy	1.36/1.36	1.36/1.36	1.36/1.36
Japan	354.7/354.7	354.7/354.7	354.7/354.7
Malaysia	2.34/2.34	2.34/2.34	2.34/2.34
Malta	1.36/1.36	1.36/1.36	1.36/1.36
New Zealand	1.54/1.54	1.54/1.54	1.54/1.54
Norway	4.76/4.76	4.76/4.76	4.76/4.76
Portugal	200.48/200.48	200.48/200.48	200.48/200.48
Saudi	2.47/2.47	2.47/2.47	2.47/2.47
Singapore	1.36/1.36	1.36/1.36	1.36/1.36
South Africa	1.54/1.54	1.54/1.54	1.54/1.54
Switzerland	2.00/2.00	2.00/2.00	2.00/2.00
U.S.	1.00/1.00	1.00/1.00	1.00/1.00
U.K.	1.00/1.00	1.00/1.00	1.00/1.00

EXCHANGE CROSS RATES

Jan. 24	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.541	3.505	370.8	10.76	3.125	4.160	2179.	1.898	74.25
U.S. Dollar	0.649	1	2.468	240.7	0.986	2.029	2.700	1414.	1.332	48.30
Deutsche Mark	0.283	0.405	1	97.50	2.830	0.822	1.094	973.0	0.499	19.53
Japanese Yen 1,000	2.687	4.156	10.26	1000.	29.02	8.228	11.32	9677.	6.119	200.3
French Franc 10	0.929	1.432	3.534	544.6	10.	3.904	3.866	2025.	1.764	69.01
Swiss Franc	0.320	0.493	1.217	116.6	3.445	1.	1.841	957.3	1.067	22.76
Dutch Guilder	0.240	0.870	0.914	89.12	2.587	0.751	1.	525.8	0.436	17.85
Italian Lira 1,000	0.459	0.707	1.745	170.1	4.938	1.434	1.909	1000.	0.871	34.08
Canadian Dollar	0.527	0.815	2.003	199.3	6.669	1.646	2.192	1148.	1.558	59.12
Belgian Franc 100	1.347	2.072	0.121	489.3	14.49	4.209	5.903	2955.	2.	100.